



Colorado Springs Utilities

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July 31, 2023

Colorado Department of Public Health and Environment
Air Pollution Control Division
4300 Cherry Creek Drive
South Denver, CO 80246

Re: Colorado Springs Utilities Clean Heat Plan Submittal

Dear Air Pollution Control Division,

Colorado Springs Utilities (Springs Utilities) formally submits its Clean Heat Plan (CHP) per Senate Bill 21-264 (SB) to the Air Pollution Control Division (Division).

Springs Utilities supports the emissions goals of the SB and the CHP. It is Springs Utilities commitment to spend the cost cap of two percent of the 2015 revenue in 2024 and 2025 and two-and-a-half percent of the 2015 revenue in 2026, 2027, 2028, 2029 and 2030.

With this commitment, Springs Utilities intends to reduce greenhouse gas (GHG) emissions caused by retail gas sales to the maximum extent practicable, while managing customer rates, preserving system safety, maintaining system reliability and resiliency, and prioritizing investments in disproportionately impacted communities.

The Utilities Board adopted Resolution No. 23-07 in June 2023 approving the methodology to fulfill the CHP requirements as described above. In this resolution, the Utilities Board acknowledged that it is within the Chief Executive Officer's (CEO) authority to implement the CHP as described above.

Springs Utilities' CHP submittal is comprised of a CHP guidance document (Attachment 1), CHP workbook (Attachment 2), technical appendix (Attachment 3), supplemental information (Attachment 4), and public outreach documentation (Attachment 5).

We will continue to work with the Division to secure the success of this CHP.

Very sincerely yours,

Travas Deal
Chief Executive Office

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Attachment 1 – Colorado Springs Utilities Clean Heat Plan Guidance Document

In June of 2021, the Colorado State legislature passed Senate Bill 21-264 (the Bill), which required gas utilities to adopt programs that would reduce greenhouse gas emissions. These programs are generally referred to as “Clean Heat Plans.” The Bill applies to Colorado Springs Utilities’ (Utilities) natural gas distribution operation, as Utilities is a municipally owned utility providing gas service to more than ninety thousand customers. It also applies to large and small investor-owned gas distribution utilities, which are regulated by the Public Utilities Commission (PUC). The PUC initiated a rulemaking for its regulated community, finalizing its rules in April 2023.

In contrast, Utilities is a citizen owned enterprise, for the purpose of owning and operating utility systems. It is regulated by the Utilities Board (the Board), comprised of the members of Colorado Springs City Council (Colorado Springs City Code § 12.1.104). The Utilities adopted this guidance document to provide its basis and direction for complying with the requirements of the Bill, setting out the necessary definitions and steps to guide the 2023 Clean Heat Plan development, as well as to guide Clean Heat Plans (CHP or Clean Heat Plan) developed for the future implementation periods.

This guidance establishes the methodology for developing, approving, and submitting Utilities’ Clean Heat Plan to state regulatory authorities while balancing a number of critical factors. These factors include providing for customer choice, fulfilling Utilities’ legal obligation to serve gas, setting just and reasonable rates, ensuring system safety, reliability, and resiliency, protecting disproportionately impacted communities, and reducing greenhouse gas emissions from the use of gas by customers and from leaks in gas distribution facilities. The authority for this guidance is § 12.1.105 of the Colorado Springs City Code and the Colorado Springs Utilities Excellence in Governance Policy Manual.

GENERAL PROVISIONS

1. DEFINITIONS

The following definitions apply throughout this document:

- (a) “Air Pollution Control Division” (APCD) means the Air Pollution Control Division of the Colorado Department of Public Health and Environment established by § 25-1-102(2)(a), Colorado Revised Statutes (2003) (C.R.S.).
- (b) “Air Quality Control Commission” (AQCC) means the decision-making body within the Colorado Department of Public Health and Environment established by § 25-7-104, C.R.S. (2023), to oversee and promulgate the rules to administer Colorado’s air quality programs.
- (c) “Beneficial electrification” a utility’s change in the energy source powering an end use from a nonelectric source to an electric source, including transportation, water heating, space heating, or industrial processes, if the change
 - (I) Reduces system costs for the utility’s customers;
 - (II) Reduces net carbon dioxide emissions; and
 - (III) Provides for a more efficient utilization of grid resources.



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- (d) "Biomethane" means:
 - (I) a mixture of carbon dioxide and hydrocarbons released from the biological decomposition of organic materials that is primarily methane and provides a net reduction in greenhouse gas emissions when it replaces geologic gas; and
 - (II) includes biomethane recovered from manure management systems or anaerobic digesters that has been processed to meet pipeline quality gas standards.
- (e) "Clean Heat Plan" (CHP) means a comprehensive plan submitted by a municipal gas distribution utility that demonstrates projected reductions in methane and carbon dioxide emissions that, together, meet the reductions required by statute at the lowest reasonable cost.
- (f) "Clean heat resources" means reduction in carbon emissions from the combustion of gas in customer end uses or meets a recovered methane protocol approved by the AQCC.
- (g) "Cost cap" means a maximum cost impact to full-service customers equal to the year 2015 actual revenue adjusted for the Gas Cost Adjustment (GCA) balance and for transport customers that converted to firm service since year 2014. This cost cap is defined as two percent of total annual revenue from full-service gas customers in achieving the 2025 target and two and one-half percent of total annual revenue from full-service gas customers in achieving the 2030 target.
- (h) "Customer" means any person who is currently receiving utility gas service. Any person who moves within Utilities' service territory and obtains utility service at a new location within 30 days will be considered a "customer." Unless stated in a particular rule, "customer" applies to any class of customer as defined by Utilities' tariffs.
- (i) "Dekatherm" (Dth) means a measurement of gas commodity heat content. One Dekatherm is the energy equivalent of 1,000,000 British Thermal Units (1 MMBtu).
- (j) "Dedicated recovered methane pipeline" means a conveyance of recovered methane that is not a part of a common carrier pipeline system, and which conveys recovered methane from where it is generated to a common carrier pipeline or to the end user in Colorado for which the recovered methane was produced so long as the recovered methane replaces geologic gas.
- (k) "Disproportionately impacted community" means a community as set forth in § 24-4-109(2)(b)(ii)(A)-(D), C.R.S.
- (l) "Distribution system" means utility--owned piping and associated facilities used to deliver gas to customers, excluding production, storage, or transmission facilities.
- (m) "Energy assistance organization" means the nonprofit corporation established for low-income energy assistance pursuant per Home Efficiency Assistance Program (HEAP) requirements.
- (n) "Full-service customer" means a customer who receives gas sales service from Colorado Springs Utilities and is not served under a gas transportation service rate schedule and excludes customers reporting under 40 Code of Federal Regulations part 98 (CFR) and power plant volumes reported in the Colorado Springs Utilities Clean Energy Plan.
- (o) "Gas" means natural or geological gas; hydrogen, or recovered methane, or any mixture thereof transported by a common carrier or dedicated pipeline, flammable gas, manufactured gas, petroleum or other hydrocarbon gases including propane, or any mixture of gases injected into a pipeline and transmitted, distributed, or furnished by Utilities.



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- (p) "Green hydrogen" means hydrogen derived from a clean energy resource as defined in § 40-2-125.5 (2)(b), C.R.S., that uses water as the source of the hydrogen. for purposes of a clean heat plan, a green hydrogen project may include associated clean energy generation, transmission, and other infrastructure.
- (q) "Greenhouse gas" has the meaning set forth in § 25-7-140 (6), C.R.S., measured in terms of carbon dioxide equivalent.
- (r) "Income-qualified utility customer" or "low-income customer" is a customer whose gross household income is at or below 60% of the State Median Income.
- (s) "Local distribution company" (LDC) means any person, other than an interstate pipeline or an intrastate transmission pipeline, engaged in the sale and distribution of gas for end-user consumption. A LDC may also perform transportation services for its end-use customers, for another LDC or its end-use customers, as authorized under its effective Utilities tariffs.
- (t) "Lowest reasonable cost" means a reasonable-cost mix of clean heat resources that meet clean heat targets established pursuant to Utilities' Clean Heat Plan as determined through an analysis of available technologies and includes resource costs, risks to ratepayers, systems operations costs, infrastructure costs, the social cost of carbon, and the social cost of methane in comparing the costs and benefits of alternatives, and other costs and benefits as determined by the Board.
- (u) "Main" means a distribution line that serves, or is designed to serve, as a common source of supply for more than one service lateral.
- (v) "Mcf" means 1,000 standard cubic feet (scf).
- (w) "MMBtu" means 1,000,000 British Thermal Units, or one Dekatherm.
- (x) "Municipal gas distribution utility" means a municipally owned utility that provides gas service to more than ninety thousand customers.
- (y) "Natural gas" or "geological gas" means methane or other hydrocarbons that occur underground without human intervention and may be used as fuel.
- (z) "Non-pipeline alternative" means energy efficiency, demand response, and beneficial electrification.
- (aa) "Pipeline system" means the Utilities owned piping and associated facilities used in the transmission or distribution of gas.
- (bb) "Pyrolysis" means the thermochemical decomposition of material at elevated temperatures without the participation of oxygen.
- (cc) "Recovered methane" means any of the following that are located in the State of Colorado and meet the recovered methane protocol approved by the Air Quality Control Commission: biomethane, methane derived from municipal solid waste, the pyrolysis of municipal solid waste, biomass pyrolysis or enzymatic biomass, or wastewater treatment, coal mine methane as defined in the capture of which is not otherwise required by law, or methane that would have leaked without repairs of the gas distribution or service pipelines from the city gate to customer end use.
- (dd) "Retail sales" means sales from full-service customers, excluding transportation customers, customers reporting under 40 CFR 98, and power plant customer volumes reported in Utilities' Clean Energy Plan served by Utilities' gas distribution system.



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- (ee) "Sales service" means a bundled gas utility service in which Utilities both purchases gas commodity for resale to the customer and delivers the gas to the customer.
- (ff) "Standard conditions" means gas at a temperature of 60 degrees Fahrenheit and subject to an absolute pressure equal to 14.73 pounds per square inch absolute.
- (gg) "Transportation customer" means a person who, by signing a gas transportation agreement, elects to subscribe to gas transportation service offered by Colorado Springs Utilities.
- (hh) "Utilities Board" (the Board) means the citizen owner elected officials who have the responsibility for governing Colorado Springs Utilities, and also serve on the Colorado Springs City Council.

BILLING AND SERVICE

2. Colorado Low-Income Energy Assistance Act (LEAP)

- (a) Utilities, as a municipally owned gas and electric Utilities, is exempt from LEAP.
 - (l) Utilities operates an alternative energy assistance program to support its eligible customers with their energy needs and self-certifies to the Board in writing that its program meets the following criteria:
 - (A) The amount and method for funding of the program has been determined by the Board; and
 - (B) The program monies are collected and distributed in a manner and under eligibility criteria determined by Board for the purpose of residential energy assistance to customers who are challenged with paying energy bills for financial reasons, including seniors on fixed incomes, individuals with disabilities, and low-income individuals.

GREENHOUSE GAS EMISSIONS.

3. Definitions

- (a) "Federal Technical Support Document (Support Document)" refers to the 2016 technical support document of the Federal Interagency Working Group on Social Cost of Greenhouse Gases, entitled "Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866" or the most recently available successor of the 2016 Federal technical support document.

4. Measurement and Accounting

- (a) Greenhouse gas emissions will include methane and carbon dioxide emissions measured separately in metric tons and presented in carbon dioxide equivalent. Baseline emissions, system-wide emissions, and reductions in emissions will be based on the most recent CHP workbook published by the APCD, to guide the proper calculation and reporting of both carbon dioxide and methane emissions.
 - (l) Utilities may establish its baseline emissions using default emission rate factors. All emissions are metric tons of carbon dioxide equivalent as reported to the federal Environmental Protection Agency pursuant to 40 CFR 98, either subpart W (methane) or subpart NN (carbon dioxide), or successor reporting requirements; except that APCD will use the AR-4 one-hundred-year global warming potential, or any greater successor value determined by the federal Environmental Protection



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Agency. Utilities may adjust its future baseline emissions based on empirical data of distribution system methane leakage emissions, provided that:

- (A) The measured leakage data utilizes advanced leak detection technologies and approaches, as certified by the Air Pollution Control Division; and
- (B) Continues to use advanced leak detection technologies and approaches for all future measurement years.

5. Social Cost of Carbon and Social Cost of Methane.

- (a) The cost of carbon dioxide emissions will be based on the most recent social cost of carbon dioxide developed by the federal government, in accordance with the following:
 - (I) The cost of carbon dioxide emissions starting in 2020, will not be less than the base cost of \$68.00 per metric ton in 2020 dollars (§ 40-3.2-106(4), C.R.S.);
 - (II) Utilities staff will update the social cost of carbon values to the present dollar year for each year after 2020 by applying an escalation rate equal to or greater than the escalation rates established in the Support Document.
- (b) For net present value calculations of the social cost of carbon dioxide emissions, Utilities will use a discount rate equal to the lesser of 2.5 percent or the discount rate established by the Support Document.
- (c) The cost of methane emissions will be established by the Board based on the values set forth in the Support Document or on the federal government's most recent assessment of the global cost of methane as updated to reflect the latest available values derived from peer-reviewed, published studies, in accordance with the following:
 - (I) The social cost of methane emissions, starting in 2020, will not be less than the base cost of \$1,756 per metric ton in 2020 dollars (§ 40-3.2-107(2)(a), C.R.S.);
 - (II) Utilities staff will update the annual social cost of methane emissions values to the present dollar year for each year after 2020 by applying an escalation rate equal to or greater than the escalation rates established in the Support Document or its addendum.
- (d) For net present value calculations of the social cost of methane emissions, Utilities will use a discount rate equal to the lesser of 2.5 percent or the discount rate established by Support Document.

CLEAN HEAT PLANS

6. Overview and Purpose

Consistent with statutory requirements including the statewide greenhouse gas pollution goals set forth in § 25-7-102(2)(g), C.R.S., the purpose of a CHP is to maximize methane and carbon dioxide emissions caused by Utilities' retail gas sales while also maintaining just and reasonable rates, maintaining system safety, reliability and resiliency, and prioritizing investments in disproportionately impacted communities. Utilities will utilize CHP resources to the maximum extent practicable and count greenhouse gas emission reductions resulting from the use of those resources.



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7. Definitions

- (a) "Clean Heat Plan total period" means the period from the date the CHP application is filed through year 2050, or 20 calendar years, whichever is greater.
- (b) "Clean Heat Plan action period" means the period beginning the date the CHP is filed and extending until December 31st of the fifth year from the filing date.
- (c) "Clean Heat Plan informational period" means the period from the end of the CHP action period through the end of the CHP plan total period.
- (d) "Green hydrogen" means hydrogen derived from water and a clean energy resource.
- (e) "Recovered methane credit" means a tradable instrument that represents a greenhouse gas emission reduction or greenhouse gas removal enhancement of one metric ton of carbon dioxide equivalent. The greenhouse gas emission reduction or greenhouse gas removal enhancement must be real, additional, quantifiable, permanent, verifiable, and enforceable. No recovered methane credit may be issued if the greenhouse gas emission reduction or greenhouse gas removal enhancement that the credit would represent is required or accounted for by a proposed or final federal, state, or local rule or regulation.
- (f) "Recovered methane protocol" means a set of procedures and requirements established by the AQCC to quantify ongoing greenhouse gas emission reductions or greenhouse gas removal enhancements achieved by a recovered methane project and to calculate and track the project outcomes.

8. Clean Heat Targets

- (a) Clean heat targets will align with the statewide greenhouse gas emission reduction goals set forth in § 25-7-102(2)(g), C.R.S.
- (b) Baseline.
 - (I) Utilities will calculate a baseline level of emissions for calendar year 2015.
 - (II) Utilities will exclude the emissions of customers, and to the extent practicable identify those customers and their associated load, that report their own greenhouse gas emissions to the EPA under applicable federal law.
 - (III) Utilities will exclude emissions of customers taking service under Utilities' transportation tariff adjusted for transportation customers who converted to firm service since year 2015.
 - (IV) Utilities will exclude emissions from its power plants served by Utilities' gas distribution system as those emissions are accounted for under Utilities' CHP.
- (c) Targets.
 - (I) The following clean heat targets apply:
 - (A) Four percent reduction in greenhouse gas emissions in calendar year 2025 as compared to a 2015 baseline, of which not more than one percent (one-fourth of the emission reductions required to meet the 2025 target) can be from recovered methane;
 - (B) Twenty-two percent reduction in greenhouse gas emissions in calendar year 2030 as compared to a 2015 baseline, of which not more than five percent (five-twenty seconds of



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the emission reductions required to meet the 2030 target) can be from recovered methane, unless subparagraph (C) below applies;

(C) Utilities' CHP may exceed the recovered methane caps set forth above in subparagraphs (A) and (B) if the Board finds that Utilities otherwise could not cost-effectively meet the clean heat targets and that exceeding the recovered methane cap is in the public interest.

(II) No later than December 1, 2024, the APCD will determine a mass-based clean heat target for Utilities' CHP for year 2035 using the 2015 baseline.

(III) No later than December 1, 2032, the APCD will determine the mass-based clean heat targets for years 2040, 2045, and 2050 using the 2015 baseline.

(d) For clean heat targets beginning in year 2035, the maximum amount, if any, of each target reduction in greenhouse gas emissions that may be from recovered methane will be determined by the AQCC if such maximum levels promote investment in Colorado communities, reduce greenhouse gas emissions, are cost-effective, and are in the public interest.

9. Filing Form and Schedule

(a) No later than August 1, 2023, Utilities' CHP will be filed with the APCD using the APCD Workbook

(b) Utilities will file subsequent clean heat plans not less often than every four years, unless otherwise directed by the APCD.

(c) Utilities' CHP application will:

(I) Present a plan to implement clean heat resources throughout the Clean Heat Plan action period;

(II) Demonstrate that the CHP will result in greenhouse gas emissions reductions necessary to meet the applicable CHP targets or indicate Utilities has complied with the cost cap; and

(III) Demonstrate that the activities contemplated in the CHP facilitates Utilities' ability to meet future greenhouse gas emission reduction targets.

10. Clean Heat Resources

(a) Clean heat resources include any one or a combination of the following resources:

(I) Demand Side Management;

(II) Recovered Methane;

(A) All recovered methane will be represented by a recovered methane credit, issued subject to a recovered methane protocol approved by the Air Quality Control Commission.

(B) All recovered methane projects will be in Colorado and will be delivered within Colorado through a dedicated recovered methane pipeline or through a common carrier pipeline.

(C) Any recovered methane credit or other tradable and severable mechanism representing the emission reduction attributes of a clean heat resource will be retired in the year generated and may not be sold by Utilities or Utilities' customer.

(D) Utilities may count emissions reductions represented by the retirement of a recovered methane credit that was retired prior to its clean heat target year. Utilities may only count



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emissions reductions represented by a methane credit one time toward achieving any clean heat target.

(E) Repairs to the Utilities' distribution system qualify as a clean heat resource. Recovered methane from such repairs must meet a recovered methane protocol approved by the AQCC and be determined cost-effective based on actual reductions in methane achieved.

(III) Green Hydrogen;

(IV) Beneficial Electrification programs;

(V) Pyrolysis of tires that meets a recovered methane protocol approved by Air Quality Control Commission; and

(VI) Any other technology the Board finds is cost effective and that the APCD finds results in a reduction in carbon emissions from the combustion of gas in customer end uses or meets a recovered methane protocol approved by the AQCC.

(b) A clean heat resource will not include a change in service by a customer from sales service to transportation service. Utilities will address changes from sales service to transportation service by Utilities' customers as such changes relate to baseline emissions, projected emissions, and clean heat targets in evaluating whether a clean heat plan is in the public interest.

11. Clean Heat Plan Application Requirements.

(a) Initial forecasts.

(I) Utilities will present a reference (base), forecast of sales, customer counts, throughput by dekatherms and volumes of green hydrogen, recovered methane, and total gas, and system-wide greenhouse gas emissions.

(A) All forecast elements will be provided for the total utility and by customer categories, for each year of the clean heat plan action period and in five-year increments during the clean heat plan informational period.

(B) Utilities will document the data, assumptions, methodologies, models, determinants, and any other inputs upon which it relied to develop forecasts.

(C) The greenhouse gas emissions forecast should be based on the latest workbook developed by the APCD,

(D) Forecasts will incorporate projections of customer growth and sales.

(b) Portfolios.

(I) Utilities will present the following portfolios of clean heat resources:

(A) At least one portfolio, using the cost cap methodology, which will use the maximum amount of clean heat resources practicable and also comply with a 2.0/2.5 percent annual retail cost impact cap; this portfolio may or may not meet the clean heat target in the applicable plan period, but must demonstrate reductions in methane emissions;

(B) At least one portfolio, using the targets methodology, which will meet the clean heat target regardless of the annual retail cost impact of such portfolio;

(C) Utilities may present other alternative portfolios;



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- (D) Utilities will identify a preferred portfolio that best balances, given the information available, the goals of maintaining just and reasonable rates, maintaining system safety, reliability, and resiliency, protecting disproportionately impacted communities, and contribution to statewide progress on meeting the greenhouse gas emission reduction goals established in § 25-7-102(2)(g), C.R.S.,
- (c) Portfolio forecasts.
 - (I) For each portfolio presented, Utilities will provide the forecasts updated to include the set of actions proposed in the respective portfolio for each year of the Clean Heat Plan action period and every fifth year during the Clean Heat Plan informational period.
- (d) Components of a portfolio.
 - (I) For each portfolio presented, Utilities will provide, on a portfolio basis:
 - (A) Identification of the proposed clean heat resources;
 - (B) The annual and total cost for implementing the portfolio;
 - (C) The annual and total cost for implementing the portfolio in income-qualified or disproportionately impacted communities;
 - (D) The annual and cumulative projected greenhouse gas emissions and reduction in emissions from the baseline emission level;
 - (E) An analysis of the retail cost impact; and
 - (F) A description of the effects of the proposed actions and investments in the portfolio on the safety, reliability, and resilience of Utilities' gas service.
 - (II) For each portfolio presented, Utilities will quantify, as practicable, on a clean heat resource category basis:
 - (A) The annual and total cost for each clean heat resource category;
 - (B) The proportion of programs that benefit disproportionately impacted communities, or customers who meet the requirements for income-qualified programs.
- (e) Green hydrogen.
 - (I) If one or more proposed portfolios include green hydrogen as a clean heat resource, Utilities will present an analysis demonstrating its distribution system can safely carry the expected concentrations and volumes of hydrogen, the locations of the system where the green hydrogen is intended to be introduced and transported. Utilities will also present a plan to monitor and verify the impact of injecting and transporting hydrogen over time to ensure the continued safety and reliability of the system.
- (f) Cost Recovery.
 - (I) Utilities may propose a rate adjustment that provides for recovery of Utilities' CHP costs, or any costs incurred to meet additional emission reduction requirements under § 25-7-105(1)(e)(X.7), C.R.S.
 - (II) Utilities will identify any actions to align Utilities' cost recovery with statewide policy goals, including reducing greenhouse gas emissions, minimizing costs, and minimizing risks to customers.



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12. Review of a Clean Heat Plan.

- (a) The Board will review the CHP methodology put forth by Utilities' Chief Executive Officer (CEO), including the estimated costs and reductions associated with each approach.
- (b) The CEO will consider the following factors when implementing the CHP:
 - (I) Whether the CHP achieves the clean heat targets using clean heat resources that, in aggregate, maximize greenhouse gas emission reductions;
 - (II) Whether the CHP can be implemented at the lowest reasonable cost and rate impact, considering savings to customer bills resulting from investments made pursuant to the plan. In determining the reasonableness of the cost and the cost impact, CEO will review:
 - (A) Fuel costs;
 - (B) Non-fuel direct investment associated with the CHP.
 - (III) Whether the CHP provides air quality and environmental, benefits in addition to the greenhouse gas emission reductions;
 - (IV) Whether Utilities has demonstrated the investments in the CHP prioritize serving customers participating in income-qualified programs and communities historically impacted by air pollution and other energy-related pollution;
 - (V) Whether the CHP presents risks to Utilities' customers, including the risk of market volatility and the risk of stranded investment costs; and
 - (VI) Whether the CHP maintains system safety and reliability.
- (c) Colorado Springs City Council may approve Utilities' proposed rate adjustment clause or structure that allows for current recovery of Utilities' CHP costs.
- (d) Utilities may recover the prudently incurred costs associated with actions under a CHP or other actions to meet any additional emission reductions.

13. Interim Clean Heat Plan Reporting

- (a) By March 31 in all calendar years that a CHP application is not submitted, Utilities will submit to the APCD an annual CHP report that shows, pursuant to its CHP:
 - (I) The annual greenhouse gas emissions consistent with the APCD Workbook, and a description of any significant deviations from the emissions reductions anticipated by project or program-based Utilities' most recent CHP;
 - (II) The actual greenhouse gas emissions reduced or avoided for each clean heat resource category as calculated consistent with the most recent methodology developed by the APCD and a description of any significant deviations from the emissions reductions anticipated by project or program based on the Utilities' most recent CHP;
 - (III) The actual emission reductions and corresponding recovered methane credits as well as a statement or certification from Utilities that any recovered methane credits were retired in the year generated;
 - (IV) An update to the forecasts provided in the APCD Workbook.



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- (b) Utilities may request a revision to its most recent CHP, as necessary, to improve its opportunity of achieving future clean heat targets or otherwise fulfill the purpose of these CHP rules.

DEMAND SIDE MANAGEMENT

Consistent with statutory requirements, the purpose of Demand Side Management (DSM) programs is to reduce end-use gas consumption in a cost-effective manner, to save money for consumers and Utilities, and protect the environment by encouraging the reduction of emissions and air pollutants. Utilities enables retail customers to participate in DSM through the design and implementation of programs. Utilities will design DSM programs for its full-service customers to achieve cost-effective energy savings, considering factors such as: achievable energy savings, customer benefits, cost effectiveness, the effects on disproportionately impacted communities, adoption potential, market transformation capability and ability to replicate in Utilities service territory.

- (c) Utilities will provide the Board a proposed expenditure target, ensuring that a significant portion of the program expenditures are targeted to improve energy efficiency in income-qualified households as applicable, as well as a savings target, funding mechanism, and cost recovery mechanism.
- (d) Utilities will annually file a DSM report with the Board.

14. Definitions

The following definitions apply.

- (a) "Amortization" means the systematic spreading of expenditures or capital costs incurred for DSM programs, through regular accounting entries over a specified time period.
- (b) "Benefit/cost ratio" means the ratio of the net present value of benefits to the net present value of costs, as calculated using the modified TRC test.
- (c) "Cost effective" means a benefit/cost ratio of greater than one.
- (d) "Demand side management" (DSM) means the implementation of programs or measures which serve to shift or reduce the consumption of, or demand for, gas.
- (e) "Discount rate" means the interest rate used in determining the present value of future cash flows of DSM costs and benefits, for both forecasted and actual cash flows. The forecasted DSM costs and benefits are used to estimate the cost effectiveness of DSM measures to develop a cost-effective DSM portfolio. The actual DSM costs and benefits, which are the actual costs of the program and the documented energy savings, are used to determine net economic benefits. Discount rate will be Utilities' weighted average cost of capital (WACC).
- (f) "DSM education" means a program that contributes indirectly to a cost-effective DSM program by promoting customer awareness and participation in a DSM program. This education may or may not include an energy audit.
- (g) "DSM measure" means an individual component or technology that shifts or reduces the consumption of, or demand for, gas, such as attic insulation or replacement of equipment.
- (h) "DSM period" means the effective period of a DSM plan.
- (i) "DSM plan" means the DSM programs, goals, and budgets over a specified DSM period, generally considered in one-year increments, as may be proposed by Utilities.



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- (j) “DSM program” means any of the following programs or combination of programs: energy efficiency, including weatherization and insulation; conservation; load management; beneficial electrification; demand response; DSM education targeted at market transformation; programs to influence wholesale and retail supply chains, and services offered to customers to reduce gas usage.
- (k) “Energy efficiency program” see DSM program.
- (l) “Market transformation” means a strategy for influencing the adoption by consumers of new techniques or technologies. The objective is to overcome barriers within a market through coordinating tactics such as education, training, product demonstration and marketing, often conducted in concert with rebates or other financial incentives.
- (m) “Modified Total Resource Cost test” or “modified TRC test” means an economic cost effectiveness test used to compare the net present value of the benefits of a DSM program or measure over its useful life, to the net present value of costs of a DSM measure or program for the participant and Utilities consistent with § 40-1-102(5), C.R.S.
- (n) “Net economic benefits” means the net present value of all benefits in the modified TRC test, as applied to Utilities’ portfolio of DSM programs, less the net present value of the costs in the modified TRC test associated with that same portfolio including for electrification the cost of additional power generation, electric transmission and distributions costs and homeowner expenses including appliances and internal electrical wiring capacity.
- (o) “Savings target(s)” refers to the energy and demand savings levels approved in a DSM plan, measured at the customer meter.

15. DSM Plan

Utilities will provide the Board, a prospective gas DSM plan demonstrating Utilities’ proposed expenditures by year for each DSM program, by budget category, and will include the following information:

- (a) Utilities’ estimated gas energy savings and avoided greenhouse gas emissions over the lifetimes of the measures implemented in a given annual DSM program period, expressed in dekatherms per dollar of expenditure, and presented for each DSM program;
- (b) The anticipated units of energy to be saved annually by a given annual DSM program, which equals the product of the proposed expenditure target and proposed savings target; this product is referred to herein as the energy target;
- (c) Anticipated design day peak demand savings, as applicable to individual DSM programs and to the portfolio as a whole;
- (d) Utilities will include in its DSM plan data and information sufficient to describe the design, implementation, and cost effectiveness of the DSM programs. Such data and information will include, at a minimum, program budgets delineated by year, estimated participation rates and program savings, and the greenhouse gas emissions avoided from each program; and
- (e) Utilities provide the following information detailing how it developed its proposed DSM program:
 - (I) A comprehensive list of DSM measures that Utilities is proposing for inclusion in its DSM plan;
 - (II) A forecast of proposed DSM programs for Utilities’ service territory in terms of, customer classes, anticipated participation rates (as a number and a percent of the market), estimated energy savings and cost effectiveness;



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- (III) A ranking of proposed DSM programs, from greatest value and potential to least;
 - (IV) Proposed marketing strategies to promote participation based on industry best practices;
 - (V) Calculation of cost effectiveness of the proposed DSM programs using a modified TRC test; and
 - (VI) Any relevant data and emissions accounting methodologies developed by the APCD regarding methane leakage rates and the appropriate global warming potential of methane, for the purpose of calculating the cost of methane emissions.
- (f) In its DSM plan, Utilities will address how it proposes to prioritize DSM services and programs for income-qualified customers and customers in disproportionately impacted communities.
- (I) Utilities may propose one or more DSM programs for income-qualified customers or customers in disproportionately impacted communities that yield a modified TRC test value below 1.0.
 - (II) Utilities will dedicate no less than ten percent of annual residential DSM expenditures to one or more DSM programs or measures for income-qualified residential customers.
- (g) Utilities will propose a budget supporting its DSM Programs detailing the overall DSM plan and for each program for each year and will be categorized into:
- (I) Direct to customer costs; and
 - (II) Other program costs.
- (h) For the purposes of calculating and reviewing a modified TRC, the following components will be included. Forecasted DSM costs and benefits are used to estimate the cost-effectiveness of DSM measures to develop a cost-effective DSM portfolio.
- (I) Benefits will include, but are not limited to, as applicable: the Utilities' avoided transmission and distribution capital cost savings associated with reductions or limited growth in design day peak demand, energy costs, the participant's avoided operating and maintenance costs, the valuation of avoided greenhouse gas emissions, and non-energy benefits. The valuation of avoided greenhouse gas emissions will include the social cost of carbon dioxide and the social cost of methane.
 - (II) Costs will include utility and participant costs. For comparative purposes, in addition to this base case calculation of cost-effectiveness, Utilities may also provide a case that does not include the social costs of carbon dioxide and methane. Forecasted DSM costs and benefits are used to estimate the cost effectiveness of DSM measures to develop a cost-effective DSM portfolio.

16. Annual DSM Report

Utilities will provide the Board with an annual DSM Report.

- (a) In the annual DSM report, Utilities will describe its actual DSM programs as implemented. For each DSM program, documenting actual program expenditures, energy savings, peak demand reduction because of energy efficiency programs, peak demand reduction as a result of specific demand reduction programs, avoided greenhouse gas emissions, participation levels and cost effectiveness.
- (b) Annual program expenditures will be separated into cost categories contained in the approved DSM plan.
- (c) For each DSM program, Utilities will compare the program's proposed and actual expenditures, energy and demand savings, participation rate, avoided greenhouse gas emissions, and cost-effectiveness; in



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addition, Utilities will prepare an assessment of the success of the program and list any suggestions for improvement and greater customer involvement.

- (d) Utilities will provide benefit/cost results for the overall DSM plan and individual DSM programs implemented during the plan year.
- (e) The annual DSM report will contain the level of greenhouse gas emissions reductions from DSM programs that qualify as a clean heat resource, reported in levels of carbon dioxide, methane, and carbon dioxide equivalents as well as a report of DSM measures approved as part of a CHP.

17. Funding

- (a) Utilities may spend a disproportionate share of total expenditures on one or more classes of customers, provided, however, cost is appropriately allocated to customer classes based on usage characteristics and program objections.
- (b) Utilities may recover its DSM program expenditures either through specific charges or by adding DSM program expenditures to base rates. All prudently incurred expenditures for Utilities' portfolio of DSM programs are recoverable.

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Attachment 2 – Workbook - Cost Cap

Emissions Summary	Baseline Year	Target Year	Target Year
	2015	2025	2030
Historical Net Emissions (Metric Tons CO2e)	1,097,517		
Forecasted Net Sales Demand Emissions (Metric Tons CO2e)		1,245,050	1,293,258
Emissions Reduction Required (% of baseline)		4%	22%
Emission Target (Metric Tons CO2e)		1,053,617	856,064

Clean Heat Resources Emission Reductions

Demand Side Customer Emission Reductions (Metric Tons CO2e)		7,640	25,371
Recovered Methane Emissions Reductions (Metric Tons CO2e)			
Total Recovered Methane Emissions Reductions (Metric Tons CO2e)		10,751	24,614
Allowable Recovered Methane Emissions Reductions (%)		1%	5%
Allowable Recovered Methane Emissions Reductions (Metric Tons CO2e)		10,975	54,876
Recovered Methane Emissions Reductions Below Allowable Limit?		Yes	Yes
Other Supply Side Resources Emissions Reductions (Metric Tons CO2e)		0	0
Total Emission Reductions Achieved (Metric Tons CO2e)		18,391	49,984
Creditable Emissions Reductions Achieved (Metric Tons CO2e)		18,391	49,984

Emissions Reduction Target Demonstration

	2025	2030
Clean Heat Plan Projected Emissions (Net Forecast Emissions - Creditable Reductions)	1,226,659	1,243,274
Clean Heat Plan Emissions Target	1,053,617	856,064
Difference	173,043	387,210
Does CHP Portfolio Meet Target?	No	No
Forecasted Total Net Emissions	1,226,659	1,243,274

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Historical and Forecasted Usage (Dth)		2015	2025	2026	2027	2028	2029	2030
End Use CO2 Emissions	Residential Firm	12,374,167	14,078,027	14,203,821	14,327,531	14,519,621	14,579,662	14,711,714
	Small Commercial Firm	601,678	853,911	859,799	862,508	866,659	861,413	861,015
	Large Commercial Firm	6,283,095	7,190,135	7,239,815	7,264,908	7,298,908	7,260,480	7,259,575
	Industrial Interruptible	828,946	852,135	852,135	852,135	853,408	852,135	852,135
	Contract Service Firm	169,246	434,042	327,034	385,329	452,027	370,866	628,200
	Contract Service Firm (Reporting to EPA Part 98)	965,585	179,252	179,252	179,252	179,786	179,252	179,252
	Contract Service Interruptible (Reporting to EPA Part 98)	562,391	1,033,491	1,033,491	1,033,491	1,036,647	1,033,491	1,033,491
	Total Sales Customer Usage	21,785,108	24,620,992	24,695,346	24,905,154	25,207,057	25,137,298	25,525,382
	Aggregate Sales Customers > 460,000 Mscf/yr (customer must report to EPA)	1,527,976	1,578,296	1,578,296	1,578,296	1,583,004	1,578,296	1,578,296
	Transport Customer Firm	1,348,803	1,264,731	1,264,731	1,264,731	1,268,533	1,264,731	1,264,731
	Total Transport Customer Usage	1,348,803	1,264,731	1,264,731	1,264,731	1,268,533	1,264,731	1,264,731
	Historical Sales, Demand/Sales Forecasts							
	Total Usage	23,133,911	25,885,724	25,960,077	26,169,885	26,475,590	26,402,029	26,790,113
	Usage Net of Transport Customers & Sales Customers > 460,000 Mscf/yr and Power Plants	20,257,132	23,042,696	23,117,050	23,326,858	23,624,053	23,559,002	23,947,086
Sales Customer Net Use Emissions (Metric Ton CO2e)								
CO2	1,075,054	1,222,884	1,226,830	1,237,965	1,253,737	1,250,285	1,270,881	
Net End Use Emissions	1,075,054	1,222,884	1,226,830	1,237,965	1,253,737	1,250,285	1,270,881	
<i>Source: EPA Subpart NN Calculation after Statutorily excluded customer types removed</i>								
LDC CH4 Emissions	System Leakage (Metric Tons CO2e)							
	CH4							
	Total Estimated Leakage	22,464	22,166	22,181	22,212	22,267	22,322	22,378
	<i>Source: EPA Subpart W Calculations</i>							
Total Covered Emissions (Metric Tons CO2e)								
Total Emissions for CHP	1,097,517	1,245,050	1,249,012	1,260,177	1,276,004	1,272,607	1,293,258	

*Industrial Prescheduled reported volumes represent consumption at CSU power plants served on the LDC. Although they don't meet the threshold for Part 98 reporting, the volumes are represented in CSU's Clean Energy Plan and are deducted to avoid double counting.

Year	Net Customer Sales Gas Forecasted (Dth)	Customer End Use CO2 Emissions (metric tons)	Gas Leakage (scf)	Gas Leakage CH4 Emissions (metric tons CO2e)	Total Emissions (metric tons CO2e)	Clean Heat Resource Emissions Reductions (metric tons CO2e)	Estimated Net Emissions (Metric Tons CO2e)	Percent Reduction from Baseline
2035	26,144,136	1,387,479		22,654	1,410,133	67,715	1,342,418	-22%
2040	26,823,838	1,423,551		22,930	1,446,481	85,446	1,361,035	-24%
2045	27,204,080	1,443,731		23,206	1,466,937	103,177	1,363,760	-24%
2050	27,523,676	1,460,692		23,483	1,484,174	120,907	1,363,267	-24%

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Attachment 2 – Workbook - Targets

Emissions Summary

	Baseline Year	Target Year	Target Year
	2015	2025	2030
Historical Net Emissions (Metric Tons CO2e)	1,097,517		
Forecasted Net Sales Demand Emissions (Metric Tons CO2e)		1,250,929	1,288,832
Emissions Reduction Required (% of baseline)		4%	22%
Emission Target (Metric Tons CO2e)		1,053,617	856,064

Clean Heat Resources Emission Reductions

Demand Side Customer Emission Reductions (Metric Tons CO2e)

	186,561	379,016
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Recovered Methane Emissions Reductions (Metric Tons CO2e)

Total Recovered Methane Emissions Reductions (Metric Tons CO2e)	10,751	53,753
Allowable Recovered Methane Emissions Reductions (%)	1%	5%
Allowable Recovered Methane Emissions Reductions (Metric Tons CO2e)	10,975	54,876
Recovered Methane Emissions Reductions Below Allowable Limit?	Yes	Yes

Other Supply Side Resources Emissions Reductions (Metric Tons CO2e)

	0	0
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Total Emission Reductions Achieved (Metric Tons CO2e)

Creditable Emissions Reductions Achieved (Metric Tons CO2e)

	197,312	432,769
	197,312	432,769

Emissions Reduction Target Demonstration

	2025	2030
Clean Heat Plan Projected Emissions (Net Forecast Emissions - Creditable Reductions)	1,053,617	856,064
Clean Heat Plan Emissions Target	1,053,617	856,064
Difference	0	(0)
Does CHP Portfolio Meet Target?	Yes	Yes
Forecasted Total Net Emissions	1,053,617	856,064

Historical and Forecasted Usage (Dth)		2015	2025	2026	2027	2028	2029	2030	
End Use CO2 Emissions	Residential Firm	12,374,167	14,078,027	14,203,821	14,327,531	14,519,621	14,579,662	14,711,714	
	Small Commercial Firm	601,678	853,911	859,799	862,508	866,659	861,413	861,015	
	Large Commercial Firm	6,283,095	7,190,135	7,239,815	7,264,908	7,298,908	7,260,480	7,259,575	
	Industrial Interruptible	828,946	852,135	852,135	852,135	853,408	852,135	852,135	
	Contract Service Firm	169,246	179,252	179,252	179,252	179,786	179,252	179,252	
	Contract Service Firm (Reporting to EPA Part 98)	965,585	1,033,491	1,033,491	1,033,491	1,036,647	1,033,491	1,033,491	
	Contract Service Interruptible (Reporting to EPA Part 98)	562,391	544,806	544,806	544,806	546,357	544,806	544,806	
	Total Sales Customer Usage	21,785,108	24,731,756	24,913,118	25,064,630	25,301,387	25,311,238	25,441,987	
	Aggregate Sales Customers > 460,000 Mscf/yr (customer must report to EPA)	1,527,976	1,578,296	1,578,296	1,578,296	1,583,004	1,578,296	1,578,296	
	Transport Customer Firm	1,348,803	1,264,731	1,264,731	1,264,731	1,268,533	1,264,731	1,264,731	
	Total Transport Customer Usage	1,348,803	1,264,731	1,264,731	1,264,731	1,268,533	1,264,731	1,264,731	
	Historical Sales, Demand/Sales Forecasts								
	Total Usage	23,133,911	25,996,488	26,177,849	26,329,362	26,569,920	26,575,969	26,706,719	
	Usage Net of Transport Customers & Sales Customers > 460,000 Mscf/yr and Power Plants	20,257,132	23,153,460	23,334,822	23,486,334	23,718,383	23,732,941	23,863,691	
	Sales Customer Net Use Emissions (Metric Ton CO2e)								
	CO2	1,075,054	1,228,763	1,238,388	1,246,428	1,258,743	1,259,516	1,266,455	
Net End Use Emissions	1,075,054	1,228,763	1,238,388	1,246,428	1,258,743	1,259,516	1,266,455		
<i>Source: EPA Subpart NN Calculation after Statutorily excluded customer types removed</i>									
LDC CH4 Emissions	System Leakage (Metric Tons CO2e)								
	CH4								
	Total Estimated Leakage	22,464	22,166	22,181	22,212	22,267	22,322	22,378	
	<i>Source: EPA Subpart W Calculations</i>								
Total Covered Emissions (Metric Tons CO2e)									
Total Emissions for CHP	1,097,517	1,250,929	1,260,569	1,268,640	1,281,010	1,281,838	1,288,832		

*Industrial Prescheduled reported volumes represent consumption at CSU power plants served on the LDC. Although they don't meet the threshold for Part 98 reporting, the volumes are represented in CSU's Clean Energy Plan and are deducted to avoid double counting.

Demand Side Clean Heat Resources	Status	2025 Savings (Dth)	2025 Emissions Reductions	2030 Savings (Dth)	2030 Emissions Reductions
Utilities pays full cost new equipment and install	New	3,515,357	186,561	7,141,765	379,016
Total Demand Side Reductions		3,515,357	186,561	7,141,765	379,016

Supply Side Recovered Methane Resources		2025 Replacement (Dth)	2025 Methane Credits	2030 Replacement (Dth)	2030 Methane Credits
Recovered Methane Project TBD	New	202,571	10,751	1,012,863	53,753
Recovered Methane Totals		202,571	10,751	1,012,863	53,753

Supply Side Clean Heat Resources		2025 Replacement (Dth)	2025 Emissions Reductions	2030 Replacement (Dth)	2030 Emissions Reductions
Hydrogen Project 1	New	0	0	0	0
Supply Side Reductions		0	0	0	0

Grand Totals		3,717,928	197,312	8,154,628	432,769
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Year	Net Customer Sales Gas Forecasted (Dth)	Customer End Use CO2 Emissions (metric tons)	Gas Leakage (scf)	Gas Leakage CH4 Emissions (metric tons CO2e)	Total Emissions (metric tons CO2e)	Clean Heat Resource Emissions Reductions (metric tons CO2e)	Estimated Net Emissions (Metric Tons CO2e)	Percent Reduction from Baseline
2035	26,144,136	1,387,479		22,654	1,410,133	470,308	939,824	14%
2040	26,823,838	1,423,551		22,930	1,446,481	506,407	940,074	14%
2045	27,204,080	1,443,731		23,206	1,466,937	527,113	939,824	14%
2050	27,523,676	1,460,692		23,483	1,484,174	544,350	939,824	14%

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Attachment 4 – Workbook - Weather Normalized

Emissions Summary	Baseline Year	Target Year	Target Year
	2015	2025	2030
Historical Net Emissions (Metric Tons CO2e)	1,126,038		
Forecasted Net Sales Demand Emissions (Metric Tons CO2e)		1,250,929	1,288,832
Emissions Reduction Required (% of baseline)		4%	22%
Emission Target (Metric Tons CO2e)		1,080,996	878,309

Clean Heat Resources Emission Reductions

Demand Side Customer Emission Reductions (Metric Tons CO2e)

	159,182	356,770
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Recovered Methane Emissions Reductions (Metric Tons CO2e)

Total Recovered Methane Emissions Reductions(Metric Tons CO2e)	10,751	53,753
Allowable Recovered Methane Emissions Reductions (%)	1%	5%
Allowable Recovered Methane Emissions Reductions (Metric Tons CO2e)	11,260	56,302
Recovered Methane Emissions Reductions Below Allowable Limit?	Yes	Yes

Other Supply Side Resources Emissions Reductions (Metric Tons CO2e)

	0	0
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Total Emission Reductions Achieved (Metric Tons CO2e)	169,932	410,523
Creditable Emissions Reductions Achieved (Metric Tons CO2e)	169,932	410,523

Emissions Reduction Target Demonstration

	2025	2030
Clean Heat Plan Projected Emissions (Net Forecast Emissions - Creditable Reductions)	1,080,996	878,309
Clean Heat Plan Emissions Target	1,080,996	878,309
Difference	0	0
Does CHP Portfolio Meet Target?	Yes	Yes
Forecasted Total Net Emissions	1,080,996	878,309

Historical and Forecasted Usage (Dth)		2015	2025	2026	2027	2028	2029	2030
End Use CO2 Emissions	Residential Firm	12,702,443	14,078,027	14,203,821	14,327,531	14,519,621	14,579,662	14,711,714
	Small Commercial Firm	617,640	853,911	859,799	862,508	866,659	861,413	861,015
	Large Commercial Firm	6,449,780	7,190,135	7,239,815	7,264,908	7,298,908	7,260,480	7,259,575
	Industrial Interruptible	850,937	852,135	852,135	852,135	853,408	852,135	852,135
	Contract Service Firm	173,736	179,252	179,252	179,252	179,786	179,252	179,252
	Contract Service Firm (Reporting to EPA Part 98)	577,311	1,033,491	1,033,491	1,033,491	1,036,647	1,033,491	1,033,491
	Contract Service Interruptible (Reporting to EPA Part 98)	991,201	544,806	544,806	544,806	546,357	544,806	544,806
	Total Sales Customer Usage	22,363,048	24,731,756	24,913,118	25,064,630	25,301,387	25,311,238	25,441,987
	Aggregate Sales Customers > 460,000 Mscf/yr (customer must report to EPA)	1,568,512	1,578,296	1,578,296	1,578,296	1,583,004	1,578,296	1,578,296
	Transport Customer Firm	1,384,585	1,264,731	1,264,731	1,264,731	1,268,533	1,264,731	1,264,731
	Total Transport Customer Usage	1,384,585	1,264,731	1,264,731	1,264,731	1,268,533	1,264,731	1,264,731
	Historical Sales, Demand/Sales Forecasts							
	Total Usage	23,747,633	25,996,488	26,177,849	26,329,362	26,569,920	26,575,969	26,706,719
	Usage Net of Transport Customers & Sales Customers > 460,000 Mscf/yr and Power Plants	20,794,536	23,153,460	23,334,822	23,486,334	23,718,383	23,732,941	23,863,691
	Sales Customer Net Use Emissions (Metric Ton CO2e)							
	CO2	1,103,574	1,228,763	1,238,388	1,246,428	1,258,743	1,259,516	1,266,455
Net End Use Emissions	1,103,574	1,228,763	1,238,388	1,246,428	1,258,743	1,259,516	1,266,455	
<i>Source: EPA Subpart NN Calculation after Statutorily excluded customer types removed</i>								
LDC CH4 Emissions	System Leakage (Metric Tons CO2e)							
	CH4							
	Total Estimated Leakage	22,464	22,166	22,181	22,212	22,267	22,322	22,378
	<i>Source: EPA Subpart W Calculations</i>							
Total Covered Emissions (Metric Tons CO2e)								
Total Emissions for CHP		1,126,038	1,250,929	1,260,569	1,268,640	1,281,010	1,281,838	1,288,832

*Industrial Prescheduled reported volumes represent consumption at CSU power plants served on the LDC. Although they don't meet the threshold for Part 98 reporting, the volumes are represented in CSU's Clean Energy Plan and are deducted to avoid double counting.

Demand Side Clean Heat Resources	Status	2025 Savings (Dth)	2025 Emissions Reductions	2030 Savings (Dth)	2030 Emissions Reductions
Utilities pays full cost new equipment and install	New	2,999,449	159,182	6,722,584	356,770
Total Demand Side Reductions		2,999,449	159,182	6,722,584	356,770

Supply Side Recovered Methane Resources		2025 Replacement (Dth)	2025 Methane Credits	2030 Replacement (Dth)	2030 Methane Credits
Recovered Methane Project TBD	New	202,571	10,751	1,012,863	53,753
Recovered Methane Totals		202,571	10,751	1,012,863	53,753

Supply Side Clean Heat Resources		2025 Replacement (Dth)	2025 Emissions Reductions	2030 Replacement (Dth)	2030 Emissions Reductions
Hydrogen Project 1	New	0	0	0	0
Supply Side Reductions		0	0	0	0

Grand Totals		3,202,020	169,932	7,735,446	410,523
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Year	Net Customer Sales Gas Forecasted (Dth)	Customer End Use CO2 Emissions (metric tons)	Gas Leakage (scf)	Gas Leakage CH4 Emissions (metric tons CO2e)	Total Emissions (metric tons CO2e)	Clean Heat Resource Emissions Reductions (metric tons CO2e)	Estimated Net Emissions (Metric Tons CO2e)	Percent Reduction from Baseline
2035	24,565,840	1,303,718		22,654	1,326,372	448,063	878,309	22%
2040	25,240,835	1,339,540		22,930	1,362,471	484,161	878,309	22%
2045	25,625,784	1,359,970		23,206	1,383,176	504,867	878,309	22%
2050	25,945,380	1,376,931		23,483	1,400,414	522,104	878,309	22%

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Attachment 5 – Technical Appendix

Clean Heat Plan Integrated Resource Plan

1. Gas Use by Rate Group – 2015

Rate Group	Workbook final numbers			
	CCF @ 12.01	CCF @ 14.73	MCF @ 14.73	DTH
Residential	146,280,896	119,269,081	11,926,908	12,374,167
Sm Comm	7,112,724	5,799,309	579,931	601,678
Lg Comm	74,275,448	60,559,954	6,055,995	6,283,095
Interr	9,799,361	7,989,839	798,984	828,946
Mil Firm	2,000,735	2,457,749	163,128	169,246
Mil Interr (Rep to EPA)	6,648,290	5,420,636	542,064	562,391
Mil Firm (Rep to EPA)	11,414,636	8,480,377	930,684	965,585
Plants Interr	100,440	81,893	8,189	8,496
Transport	15,944,836	13,000,508	1,300,051	1,348,803

2. Fugitive GHG Calculation Per 40 CFR 98, Subpart W - 2015

Natural Gas Distribution System Fugitive GHG Emissions (Per MRR Subpart W)											
Year	System Component	Miles of main or # of services/components/stations	Emission Factor	Emission Factor Units	Emission Factor Source	Hours of Operation	Fugitive Natural Gas (scf)	CO ₂ Fugitive (metric tons)	CH ₄ Fugitive (metric tons)	GWP of CH ₄	CO _{2e} (metric tons)
2015	Main, Steel/Unprotected/Bare	25	12.58	scf/hour/mile	Final Subpart W	8,760	2,734,082	2.2	45.3	25	1,134.1
2015	Main, Steel/Cathodically Protected/Coated	829	0.35	scf/hour/mile	Final Subpart W	8,760	2,542,275	2.1	42.1	25	1,054.6
2015	Main, Plastic Pipe	1,634	1.13	scf/hour/mile	Final Subpart W	8,760	16,176,500	13.1	267.9	25	6,710.1
2015	Services, Steel/Unprotected/Bare	11,428	0.19	scf/hour/service	Final Subpart W	8,760	19,020,241	15.3	315.0	25	7,889.7
2015	Services, Steel/Cathodically Protected/Coated	7,770	0.02	scf/hour/service	Final Subpart W	8,760	1,361,260	1.1	22.5	25	564.7
2015	Services, Plastic Pipe	140,876	0.001	scf/hour/service	Final Subpart W	8,760	1,234,070	1.0	20.4	25	511.9
2015	Connectors - Above Grade M&R Stations	894	1.69	scf/hour/component	Final Subpart W	8,760	8,793,814	7.1	145.6	25	3,647.7
2015	Block Valve - Above Grade M&R Stations	439	0.557	scf/hour/component	Final Subpart W	8,760	2,138,606	1.7	35.4	25	887.1
2015	Control Valve - Above Grade M&R Stations	0	9.34	scf/hour/component	Final Subpart W	8,760	0	0.0	0.0	25	0.0
2015	Press Relief Valve - Above Grade M&R Stations	1	0.27	scf/hour/component	Final Subpart W	8,760	2,129	0.0	0.0	25	0.9
2015	Orifice Meter - Above Grade M&R Stations	0	0.212	scf/hour/component	Final Subpart W	8,760	0	0.0	0.0	25	0.0
2015	Regulator - Above Grade M&R Stations	23	0.772	scf/hour/component	Final Subpart W	8,760	152,161	0.1	2.5	25	63.1
2015	Open-ended Line - Above Grade M&R Stations	0	26.131	scf/hour/component	Final Subpart W	8,760	0	0.0	0.0	25	0.0
2015	Below Grade M&R Station, Inlet Pressure 100 to 300 psig	0	0.20	scf/hour/station	Final Subpart W	8,760	0	0.0	0.0	25	0.0
2015	Below Grade M&R Station, Inlet Pressure < 100 psig	0	0.10	scf/hour/station	Final Subpart W	8,760	0	0.0	0.0	25	0.0
Total							54,155,137	44	897		22,464

3. Forecasted Gas Use by Rate Group

CHP (DTH @ 14.73)	Rate Group	2025	2026	2027	2028	2029	2030	2035	2040	2045	2050
		Residential	14,078,027	14,203,821	14,327,531	14,519,621	14,579,662	14,711,714	15,332,027	15,931,932	16,366,858
Sm Comm	853,911	859,799	862,508	866,659	861,413	861,015	868,626	875,355	868,215	857,452	
Lg Comm	7,190,135	7,239,815	7,264,908	7,298,908	7,260,480	7,259,575	7,333,801	7,400,354	7,359,324	7,287,840	
Interr	852,135	852,135	852,135	853,408	852,135	852,135	852,135	853,408	852,135	852,135	
Mil Firm	179,252	179,252	179,252	179,786	179,252	179,252	179,252	179,786	179,252	179,252	
Mil Firm (Rep to EPA)	1,033,491	1,033,491	1,033,491	1,036,647	1,033,491	1,033,491	1,033,491	1,036,647	1,033,491	1,033,491	
Mil Interr (Rep to EPA)	544,806	544,806	544,806	546,357	544,806	544,806	544,806	546,357	544,806	544,806	
Transport	1,264,731	1,264,731	1,264,731	1,268,533	1,264,731	1,264,731	1,264,731	1,268,533	1,264,731	1,264,731	

4. Forecasted Fugitive GHG Calculation Per 40 CFR 98, Subpart W



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System Component	Miles of main or # of services/components/stations													
	Change from 2015	Overall Growth	Assumed Growth	avg growth/year	2025	2026	2027	2028	2029	2030	2035	2040	2045	2050
Main, Steel/Unprotected/Bare	-21.3		-0.75		1,221	0,471	0	0	0	0	0	0	0	0
Main, Steel/Cathodically Protected/Coated	-16.8			-2.405142857	805,1316	802,726429	800,3212857	797,9161429	795,511	793,1058571	781,0801429	769,0544286	757,0287	745,003
Main, Plastic Pipe	284.2	246.0		35.14185714	2023,782	2058,92343	2094,065286	2129,207143	2164,349	2199,490857	2375,200143	2550,909429	2726,619	2902,328
Services, Steel/Unprotected/Bare	-2,929.5		-200		7898,202	7698,2021	7498,2021	7298,2021	7098,2021	6898,2021	5898,2021	4898,2021	3898,202	2898,202
Services, Steel/Cathodically Protected/Coated	9,584.4		100		17354,17	17354,1693	17354,16928	17354,16928	17354,16928	17354,16928	17354,16928	17354,16928	17354,17	17354,17
Services, Plastic Pipe	12,010.1	18,665.0		2666.428571	160884,9	163551,343	166217,7715	168884,2	171550,6286	174217,0572	187549,2	200881,3429	214213,5	227545,6
Connectors - Above Grade M&R Stations	-477.0		2	0	231	233	235	237	239	241	251	261	271	281
Block Valve - Above Grade M&R Stations	-166.3		8	0	336	344	352	360	368	376	416	456	496	536
Control Valve - Above Grade M&R Stations	1.0			0	1	1	1	1	1	1	1	1	1	1
Press Relief Valve - Above Grade M&R Stations	-0.9			0	0	0	0	0	0	0	0	0	0	0
Orifice Meter - Above Grade M&R Stations	0.0			0	0	0	0	0	0	0	0	0	0	0
Regulator - Above Grade M&R Stations	46.5		2	0	91	93	95	97	99	101	111	121	131	141
Open-ended Line - Above Grade M&R Stations	0.0			0	0	0	0	0	0	0	0	0	0	0
Below Grade M&R Station, Inlet Pressure > 300 psig	0.0			0	0	0	0	0	0	0	0	0	0	0
Below Grade M&R Station, Inlet Pressure 100 to 300 psig	0.0			0	0	0	0	0	0	0	0	0	0	0
Below Grade M&R Station, Inlet Pressure < 100 psig	100.0		2	0	106	108	110	112	114	116	126	136	146	156

Portfolio Calculations

1. Cost Cap Portfolio

Energy Saving Calculations

	2025	2030	2035	2040	2045	2050
Program	Dth Savings					
Cold Climate Air Source Heat Pump Rebate	9821	31485	53149	74813	96476	118,140.25
Heat Pump Water Heater Rebate	2557	8368	14178	19989	25800	31,610.88
Insulation & Air Sealing Rebate	17696	58660	99623	140587	181551	222,514.21
Builder Incentive Program (HERS)	12912	43365	73818	104271	134724	165,177.27
Builder Incentive Program (Hybrid HP) DHW	2045	6927	11808	16689	21570	26,450.87
Builder Incentive Program (ES HP)	2032	6882	11732	16582	21432	26,282.40
Builder Incentive Program (full electrification)	1075	3329	5583	7837	10090	12,344.31
Home Efficiency Assistance Program (HEAP) Gas	5046	21383	37721	54058	70396	86,733.39
Energy Star Furnace Rebate	11131	36484	61837	87190	112543	137,895.66
Storage Water Heater Rebate	323	1042	1760	2479	3197	3,915.90
Smart Thermostat Rebate	5649	18438	31227	44015	56804	69,593.06
WaterSense Showerhead Exchange	8755	28101	47448	66794	86141	105,487.63
WaterSense Showerhead Rebate	1804	5914	10024	14134	18244	22,353.81
Energy Star Air Source Heat Pump Rebate	2079	7852	13626	19400	25174	30,947.65
EDA/RCX/Custom	61033	199828	338623	477418	616212	755,007.17
TOTAL DSM (DTH)	143,958	478,058	812,157	1,146,256	1,480,355	1,814,454
Total DSM (CO2e)	7,639.93	25,370.69	43,101.46	60,832.23	78,563.00	96,293.77
Methane (CO2e)	10,751.00	24,613.62	24,613.62	24,613.62	24,613.62	24,613.62
Total (CO2e)	18,390.93	49,984.32	67,715.09	85,445.86	103,176.62	120,907.39

Budget Calculations



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Program	Proposed 2025			Proposed 2026			Proposed 2027		
	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings
Cold Climate Air Source Heat Pump Rebate	\$ 160,000.00	80	4622	\$ 150,000.00	75	4333	\$ 150,000.00	75	4333
Heat Pump Water Heater Rebate	\$ 37,500.00	50	1162	\$ 37,500.00	50	1162	\$ 37,500.00	50	1162
Insulation & Air Sealing Rebate	\$ 360,000.00	480	7865	\$ 375,000.00	500	8193	\$ 375,000.00	500	8193
Builder Incentive Program (HERS)	\$ 131,945.50	425	5752	\$ 139,707.00	450	6091	\$ 139,707.00	450	6091
Builder Incentive Program (Hybrid HP) DHW	\$ 28,000.00	40	930	\$ 29,400.00	42	976	\$ 29,400.00	42	976
Builder Incentive Program (ES HP)	\$ 32,000.00	40	924	\$ 33,600.00	42	970	\$ 33,600.00	42	970
Builder Incentive Program (full electrification)	\$ 30,000.00	15	520	\$ 26,000.00	13	451	\$ 26,000.00	13	451
Home Efficiency Assistance Program (HEAP) Gas	\$ 667,860.75	180	2246	\$ 834,825.93	261.84	3268	\$ 834,825.93	261.84	3268
Energy Star Furnace Rebate	\$ 200,000.00	400	4947	\$ 205,000.00	410	5071	\$ 205,000.00	410	5071
Storage Water Heater Rebate	\$ 8,000.00	80	144	\$ 8,000.00	80	144	\$ 8,000.00	80	144
Smart Thermostat Rebate	\$ 40,000.00	800	2511	\$ 40,750.00	815	2558	\$ 40,750.00	815	2558
WaterSense Showerhead Exchange	\$ 11,040.00	2000	4010	\$ 10,653.60	1930	3869	\$ 10,653.60	1930	3869
WaterSense Showerhead Rebate	\$ 4,000.00	400	802	\$ 4,100.00	410	822	\$ 4,100.00	410	822
Energy Star Air Source Heat Pump Rebate	\$ 45,000.00	45	1039	\$ 50,000.00	50	1155	\$ 50,000.00	50	1155
EDA/RCX/Custom	\$ 351,464.51	1	27105	\$ 359,941.27	1.04	27759	\$ 359,941.27	1.04	27759

Program	Proposed 2028			Proposed 2029			Proposed 2030		
	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings
Cold Climate Air Source Heat Pump Rebate	\$ 150,000.00	75	4333	\$ 150,000.00	75	4333	\$ 150,000.00	75	4333
Heat Pump Water Heater Rebate	\$ 37,500.00	50	1162	\$ 37,500.00	50	1162	\$ 37,500.00	50	1162
Insulation & Air Sealing Rebate	\$ 375,000.00	500	8193	\$ 375,000.00	500	8193	\$ 375,000.00	500	8193
Builder Incentive Program (HERS)	\$ 139,707.00	450	6091	\$ 139,707.00	450	6091	\$ 139,707.00	450	6091
Builder Incentive Program (Hybrid HP) DHW	\$ 29,400.00	42	976	\$ 29,400.00	42	976	\$ 29,400.00	42	976
Builder Incentive Program (ES HP)	\$ 33,600.00	42	970	\$ 33,600.00	42	970	\$ 33,600.00	42	970
Builder Incentive Program (full electrification)	\$ 26,000.00	13	451	\$ 26,000.00	13	451	\$ 26,000.00	13	451
Home Efficiency Assistance Program (HEAP) Gas	\$ 834,825.93	261.84	3268	\$ 834,825.93	261.84	3268	\$ 834,825.93	261.84	3268
Energy Star Furnace Rebate	\$ 205,000.00	410	5071	\$ 205,000.00	410	5071	\$ 205,000.00	410	5071
Storage Water Heater Rebate	\$ 8,000.00	80	144	\$ 8,000.00	80	144	\$ 8,000.00	80	144
Smart Thermostat Rebate	\$ 40,750.00	815	2558	\$ 40,750.00	815	2558	\$ 40,750.00	815	2558
WaterSense Showerhead Exchange	\$ 10,653.60	1930	3869	\$ 10,653.60	1930	3869	\$ 10,653.60	1930	3869
WaterSense Showerhead Rebate	\$ 4,100.00	410	822	\$ 4,100.00	410	822	\$ 4,100.00	410	822
Energy Star Air Source Heat Pump Rebate	\$ 50,000.00	50	1155	\$ 50,000.00	50	1155	\$ 50,000.00	50	1155
EDA/RCX/Custom	\$ 359,941.27	1.04	27759	\$ 359,941.27	1.04	27759	\$ 359,941.27	1.04	27759

Methane Calculations

Year	Plan				
	Budget	Dth/Year	Dth/day	Dth equiv	CO2 equiv
2025	\$ 364,644.15	8,103.2	22.2	202,580.08	10,751
2026	\$ 834,825.93	18,551.7	50.8	463,792.19	24,614
2027	\$ 834,825.93	18,551.7	50.8	463,792.19	24,614
2028	\$ 834,825.93	18,551.7	50.8	463,792.19	24,614
2029	\$ 834,825.93	18,551.7	50.8	463,792.19	24,614
2030	\$ 834,825.93	18,551.7	50.8	463,792.19	24,614
2035	\$ 834,825.93	18,551.7	50.8	463,792.19	24,614
2040	\$ 834,825.93	18,551.7	50.8	463,792.19	24,614
2045	\$ 834,825.93	18,551.7	50.8	463,792.19	24,614
2050	\$ 834,825.93	18,551.7	50.8	463,792.19	24,614



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2. Target Portfolio

Energy Saving Calculations

	2025	2030	2035	2040	2045	2050
Program	Dth Savings					
Utilities pays full cost new equipment and install	3,515,357	7,141,765	7,849,114	8,529,315	8,919,471	9,244,274
TOTAL DSM (DTH)	3,515,357	7,141,765	7,849,114	8,529,315	8,919,471	9,244,274
Total DSM (CO2e)	186,561	379,016	416,555	452,654	473,360	490,597
Methane (CO2e) (max)	10,751	53,753	53,753	53,753	53,753	53,753
Total Reductions (CO2e)	197,312	432,769	470,308	506,407	527,113	544,350

Budget Calculations

Program	Proposed 2025			Proposed 2026			Proposed 2027		
	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings
Utilities pays full cost new equipment and install	\$ 437,475,144.92	137,213	1,712,280	\$ 195,219,895.19	61,230	764,092	\$ 187,664,957.91	58,861	734,522

Program	Proposed 2028			Proposed 2029			Proposed 2030		
	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings
Utilities pays full cost new equipment and install	\$ 208,361,468.66	65,352	815,528	\$ 152,794,388.28	47,924	598,038	\$ 182,480,330.88	57,235	714,229

Methane Calculations

Year	Max Values				
	CO2 equiv	Dth equiv	Dth	Dth/day	Cost
2025	10,751	202,571.32	8,102.85	22.2	\$ 364,628
2026	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2027	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2028	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2029	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2030	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2035	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2040	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2045	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2050	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153



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Weather Normalization Portfolio

Weather Normalized Gas Use by Rate Class -2015

Weather Data		2015 Actuals		10 year	
2015 HDD	5570	Rate Class	Dth	Dth/HDD	Weather Normalized Use
Average HDD	5718	Residential	12,374,167	2,222	12,702,443
% Warmer	102.65%	Sm Comm	601,678	108	617,640
		Lg Comm	6,283,095	1,128	6,449,780
		Interr	828,946	149	850,937
		Mil Firm	169,246	30	173,736
		Mil Interr (Rep to EPA)	562,391	101	577,311
		Mil Firm (Rep to EPA)	965,585	173	991,201
		Transport	1,348,803	242	1,384,585

Energy Saving Calculations

	2025	2030	2035	2040	2045	2050
Program	Dth Savings					
Utilities pays full cost new equipment and install	2,999,449	6,722,584	7,429,939	8,110,140	8,500,296	8,825,099
TOTAL DSM (DTH)	2,999,449	6,722,584	7,429,939	8,110,140	8,500,296	8,825,099
Total DSM (CO2e)	159,182	356,770	394,310	430,408	451,114	468,351
Methane (CO2e) (max)	10,751	53,753	53,753	53,753	53,753	53,753
Total (CO2e)	169,932	410,523	448,063	484,161	504,867	522,104

Budget Calculations

	Proposed 2025			Proposed 2026			Proposed 2027		
Program	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings
Utilities pays full cost new equipment and install	\$ 371,569,788.13	116,542	1,454,326	\$200,162,459.95	62,781	783,437	\$ 192,607,522.67	60,411	753,867

	Proposed 2028			Proposed 2029			Proposed 2030		
Program	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings	Budget	# of Rebates	Dth Savings
Utilities pays full cost new equipment and install	\$ 213,304,033.42	66,902	834,873	\$ 157,736,953.05	49,474	617,383	\$ 187,422,895.64	58,785	733,574

Methane Calculations

Year	Max Values				
	CO2 equiv	Dth equiv	Dth	Dth/day	Cost
2025	10,751	202,571.32	8,102.85	22.2	\$ 364,628
2026	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2027	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2028	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2029	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2030	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2035	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2040	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2045	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153
2050	53,753	1,012,862.73	40,514.51	111.0	\$ 1,823,153

Attachment 6 – Supplemental Information on Colorado Springs Utilities’ Clean Heat Plan

Given the groundbreaking nature of the 2021 legislation, Colorado Springs Utilities (Springs Utilities) has created this document to outline how the organization compiled information to complete its Clean Heat Plan (CHP), while ensuring the plan was consistent with agency guidance and statutory requirements.

Senate Bill 21-264 Summary

On June 24, 2021, Governor Jared S. Polis signed Senate Bill 21-264 into law. The Bill created clean heat targets that reduce the amount of greenhouse gas (GHG) pollution produced from natural gas utilities. It defines the targets as a 4% reduction in GHG below 2015 levels by 2025 and a 22% reduction in GHG below 2015 levels by 2030.

The Bill also allows natural gas utilities to propose a cost cap of 2% of the total revenue from full-service gas customers in achieving the 2025 target and 2.5% of the total revenue from full-service gas customers in achieving the 2030 target.

- Municipal gas distribution utilities are required to submit a comprehensive clean heat plan that maximizes emission reductions without exceeding the cost cap to the Air Pollution Control Division (Division) by August 1, 2023.
 - A municipal gas distribution utility is defined as a municipally-owned utility that provides gas service to more than 90,000 customers.
- Current clean heat resources available to natural gas utilities:
 - Gas demand side-management (DSM) programs
 - Recovered methane (no more than 1% of the 2025 reductions and no more than 5% of the 2030 reductions is allowed)
 - Green hydrogen
 - Beneficial electrification
 - Pyrolysis of tires
- A minimum of two portfolios are required as part of the submission:
 - A portfolio of resources that uses clean heat resources to the maximum practicable extent that complies with the cost cap that may or may not meet the clean heat target in the applicable period, but that demonstrates reductions in methane emissions.
 - A portfolio that meets the clean heat targets in the applicable plan period using only clean heat resources even if it exceeds the cost cap.
- A natural gas utility may submit any other portfolios at the utilities’ discretion:

Portfolio Analysis and Workbook Creation

Recognizing the rules set forth by the Colorado legislative process, Springs Utilities started the process to develop a robust CHP.

The following steps were taken:

1. Research and Methodology

- Calculate the baseline GHG emissions from 2015. This was completed based on the total sales from the local distribution company (LDC) to all customer classes except transport customers, customers that report use to the Environmental Protection Agency (EPA), and power plants (since they report GHG through the Clean Energy Plan (CEP)).
 - One customer did elect to the transport tariff in the years between baseline (2015) and current (2023). That customer's average use was subtracted from the baseline per direction from Division.
- Calculate the cost cap. This was completed by calculating 2% and 2.5% of the total revenue from the baseline year (2015). The total revenue was calculated using the 2015 actual revenue, adjusting for the Gas Cost Adjustment (GCA) balance and for transport customers that converted to firm service since year 2014.
- Create a Clean Heat Plan Integrated Resource Plan (CHIRP). Similar to Springs Utilities' Gas Integrated Resource Plan (GIRP), the CHIRP calculated future customer and gas use growth.
 - Forecast future customer growth and gas use (through 2050). Springs Utilities contracted Itron to produce this forecast. Itron uses a variety of inputs and assumptions, such as reports from the Pikes Peak Area Council of Governments and historical data provided by Springs Utilities to create a geospatial planning model that projects future customer growth and gas demand requirements.

2. Portfolios

Cost Cap Portfolio - Analyze clean heat resources and develop a portfolio that maximizes GHG reductions while meeting the cost cap.

- An iterative process was conducted with Springs Utilities' Demand Side Management (DSM) team, along with data from a customer survey (see the "Public Outreach Process" section below for more details).
- The intended outcome was to produce a comprehensive portfolio of DSM programs aimed at maximum GHG reductions while maintaining realistic expectations of customers' adoption potentials and preserving options for income-qualified customers.

Cost Cap Portfolio conclusions:

- To prioritize investments that ensure disproportionately impacted customers (who meet income requirements) benefit from Springs Utilities' CHP, the team reserved a minimum of 25% of the annual CHP DSM budget for income-qualified programs.
- An assumption was made that recovered methane would become available starting



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in 2025.

- Springs Utilities believes recovered methane is a valuable clean heat resource due to its high Global Warming Potential (GWP) and its potential dependability.
- However, the organization acknowledges the high, long-term value in the savings achieved from DSM programs and the behavioral changes that the programs produce.
- Based on the above, Springs Utilities will limit investments in recovered methane programs to 25% of the annual CHP budget.
- Green hydrogen is not yet a viable resource for the CHP but will be regularly re-assessed for potential benefits.
- This portfolio will cost Utilities \$2.7M annually in 2024-2025 and \$3.3M annually in 2026-2030.

Target Portfolio - Analyze clean heat resources and develop a portfolio that meets the targets of SB 21-264.

- Based on historical DSM data, Springs Utilities believes the only way to meet the deep reduction requirements needed to achieve the targets is for the organization to pay 100% of the customers' upgrade costs. This is based on historical DSM data and studies previously completed for the DSM group.

Target Portfolio conclusions:

- This option would require significant costs to accomplish and since Springs Utilities is a not-for-profit municipal utility, the cost would be a significant burden to its customers.
- To meet the 4% reduction would require approximately \$448 million per year. This is the equivalent of approximately 45,000 residential customers fully electrifying by 2025.
- To meet the 22% reduction would require approximately \$183 million per year. This is the equivalent of approximately 100,000 residential customers fully electrifying by 2030.
- Based on the studies performed and historical data, it is improbable this type of change could occur as rapidly as intended.
- This portfolio could increase the risk to customers' electric service reliability due to the system upgrades needed to support additional demand. It would also require additional generation capability to support the additional load. While the full cost of these upgrades has not been fully analyzed, the required timeline does not allow for these upgrades.
- To prioritize investments that ensure disproportionately impacted customers (who meet income requirements) benefit from Springs Utilities' CHP, the team reserved a



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minimum of 25% of the annual CHP DSM budget for income-qualified programs.

- An assumption was made that recovered methane would become available starting in 2025.
 - Springs Utilities believes recovered methane is a valuable clean heat resource due to its high Global Warming Potential (GWP) and its potential dependability.
 - This portfolio maximizes the use of recovered methane.
- Green hydrogen is not yet a viable resource for the CHP but will be regularly re-assessed for potential benefits.

Weather Normalized Portfolio - Analyze clean heat resources and develop a portfolio that maximizes GHG reductions while meeting the cost cap. This portfolio also used weather normalized 2015 data to produce the baseline.

- Springs Utilities analyzed the effects of weather normalization on the CHP.
- 2015 was 3% warmer than a “normal weather year,” as defined by an analysis of the last 10 years of temperatures in Colorado Springs.
- Since our forecasted future growth is based on a “normal weather year” Springs Utilities created portfolios that normalized the weather from 2015 to create the baseline.

Weather Normalized Portfolio conclusions:

- As expected, the weather normalization did increase the targets.
- While this does help close the gap between the cost cap savings and the targets, Springs Utilities still would not meet the targets using the cost cap approach alone.
- The costs associated with meeting the targets in this portfolio are \$384 million annually through 2025 and \$192 million annually through 2030.

Additional research and analysis for the portfolios:

- Springs Utilities analyzed the effects of population growth on the CHP.
 - Colorado Springs has seen significant growth since 2015 and it is expected to continue at a similar rate. Springs Utilities wanted to understand how emissions have changed since 2015, on a per customer basis, and how the cost cap would continue to change it. Therefore, an analysis was conducted that normalized GHG emissions based on customer growth.
 - The Figure below shows the results of this analysis, as well as the result weather normalization had in conjunction with the population normalization.
 - It shows that if both weather and population growth were normalized, the Cost Cap Portfolio would meet the 2025 target, but not the 2030 target.
 - It also shows how the Cost Cap Portfolio does significantly reduce GHG emissions per

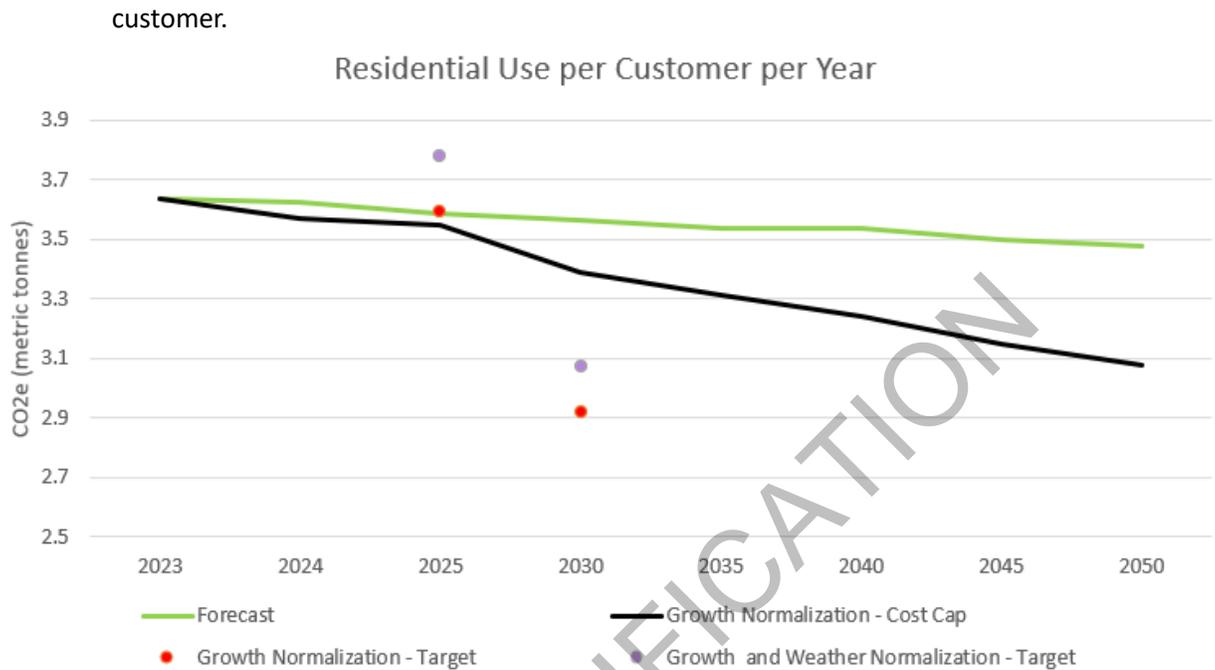


Figure 1 – GHG emissions per Customer

3. Finalize Workbooks

- As required by Senate Bill 21-264 two workbooks were created.
- Workbook #1 uses clean heat resources to the maximum practicable extent that complies with the cost cap. This approach may or may not meet the clean heat target in the applicable period, but that demonstrates reductions in methane emissions.
- Workbook #2 assumes that clean heat targets would be attained in the applicable plan period by only using clean heat resources even if it exceeds the cost cap.
- In addition to the two required workbooks, Springs Utilities created a third workbook that normalized weather for the 2015 baseline year.
- These workbooks can be reviewed in Attachments 2-4 of this submission.

Public Outreach Process

Springs Utilities created a robust public process as part of the CHP, as this plan will directly impact customers in multiple ways.

The following steps were taken to gather the opinions of our customers and other stakeholders for the development of the CHP:

- January 30 – February 13, 2023, Behind the Meter Survey
 - This survey was sent to about 700 residential customers across various



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demographics, asking them questions about energy use in their home.

- Several questions specifically related to the CHP were included in this survey to gain insight into the customers' opinions.
- Key Findings:
 - 89% of respondents were not familiar with the CHP.
 - Energy efficiency is very important to older customers.
 - Customers across all generations understand how technology works and the impact their usage can have on the energy resources and the electric grid.
 - Customers are concerned about the air quality in their community and in their homes.
 - Furnaces and water heaters have the largest market share for electrification.
 - The survey showed that there is the best energy savings potential in heating and air conditioning, windows, and insulation.
- March 22, 2023, Utilities Board (UB) overview of the CHP
 - In this meeting, Springs Utilities introduced the UB to the requirements of SB 21-264 and provided high level plans for implementation.
 - This was the last meeting for four UB members, who were term limited.
- May 8, 2023, public meeting -- Planning our Energy Future
 - Springs Utilities introduced the requirements of CHP to the public and the plans for implementation.
 - An interactive series of polling questions were fielded for attendees to provide feedback.
 - A question-and-answer session was held for customer feedback and ideas.
 - Breakout stations were offered to receive additional information on the CHP, DSM programs, product rebates and incentives.
 - The 2023 DSM Programs and Services catalog was also distributed.
 - The meeting was advertised in all major news stations and newspapers, as well as the Springs Utilities website and on its social media channels.
 - Personal invitations were sent to 57 influential stakeholders including contacts from key business groups, disproportionately impacted (DI) customer groups, community groups, environmental groups, local government, and the Colorado Energy Office.
 - There were 55 attendees at this meeting. Of the attendees, only four were from the



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list of personally invited individuals.

- As a result of the meeting, Springs Utilities learned:
 - While not everyone was aware of the CHP, the percentage of awareness has gone up since our last outreach.
 - Customers were very open to energy saving upgrades, including electrification of space and/or water heating.
 - Customers were most interested in energy efficient heating and air conditioning.
 - Customers were mostly interested in on-line materials to learn more about the CHP.
- May 17, 2023, Utilities Board (UB) overview of the CHP and CHP Guidance Document
 - In this meeting, Springs Utilities re-introduced the UB to the requirements of Senate Bill 21-264 and provided high level plans for implementation.
 - This briefing was held primarily to provide background four newly-elected UB members.
 - This meeting also provided the CHP Guidance Document to the UB for their review.
 - The CHP Guidance Document is what Springs Utilities used to complete the CHP and will continue to use for any future updates.
 - The UB was supportive of the guidance material.
- June 21, 2023, Utilities Board (UB) approval of the CHP approach
 - In this meeting, Springs Utilities provided the results of the CHP portfolios and the UB approved the CHP the Cost Cap Portfolio, based on the 2015 emission and revenue baseline.

Presentation materials from the public outreach process and available meeting minutes can be found in Attachment 7 of this submittal.

Colorado Springs Utilities Governance Model

Colorado Springs Utilities is an enterprise of the City of Colorado Springs. An enterprise is a self-sustaining government-owned business that receives less than 10% of its annual revenue in grants from the state and local government. City Charter § 7-90; City Code § 12.1.103. The City Charter directs that City Council sit as the Board of Colorado Springs Utilities and recognizes that the Board must govern with sound business principles, in a manner that supports long-term sustainability of the enterprise and maximizes value to the citizens. City Charter Art. VI, City Code § 12.1.102(D).

The Utilities Board and the Chief Executive Officer are directed to work jointly to set the strategic direction and vision for the enterprise. City Code § 12.1.102(E). The Utilities Board is directed to establish a clear distinction between its duties, responsibilities and authorities and the Chief Executive Officer's responsibilities and authorities through formal, written governance policies. City Code § 12.1.102(E).



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The Utilities Board shall govern by adopting written governance policies, including policies on Utilities Board duties, responsibilities, authorities, commitments and practices, Utilities Board/Chief Executive Officer partnership expectations, Chief Executive Officer responsibilities and authorities, Board expected results, and Board instructions to the Chief Executive Officer, and guidelines for the Chief Executive Officer. City Code § 12.1.105. The intent of the policies shall be to reserve to the Utilities Board the functions of establishing overall governance policies. City Code § 12.1.105.

“The Utilities Board shall respect the exclusive authority of the Chief Executive Officer to lead the enterprise. 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.” City Code § 12.1.102(E).

As such, it is appropriate for the Chief Executive Officer to develop an approach for complying with the Clean Heat Plan legislation, brief the Utilities Board on that approach, and seek approval of the Chief Executive Officer's approach.

AWAITING VERIFICATION



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Attachment 7 Public Process

AWAITING VERIFICATION



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Behind The Meter Survey Results Clean Heat Plan Questions

March 3, 2023

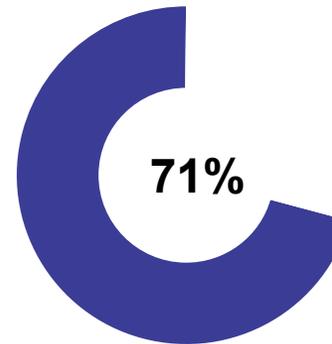
AWAITING VERIFICATION

Purpose, Methodology And Statistics

- To understand where and how customers use electricity, natural gas and water in their homes
- Likelihood to move from natural gas to electric appliances
- Administered online to the **Customers Count** panel
 - Fielded January 30 to February 13, 2023
- 512 responses; $\pm 4.33\%$ confidence interval



Average time to complete:
15 to 20 minutes



Percentage completing
survey

Respondent Demographics

Home Ownership



68%
Homeowner



31%
Renter



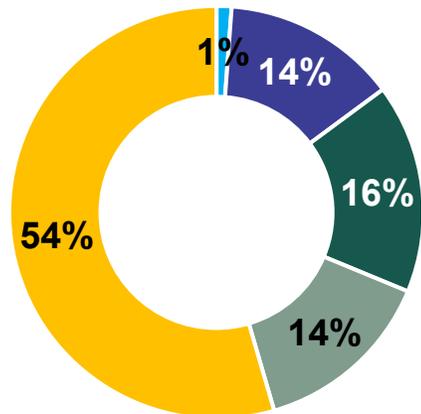
<1%
Other

Generation



2% (1997 and later)
29% (1982 to 1996)
36% (1966 to 1981)
29% (1947 to 1965)

Length Of Time As A Customer



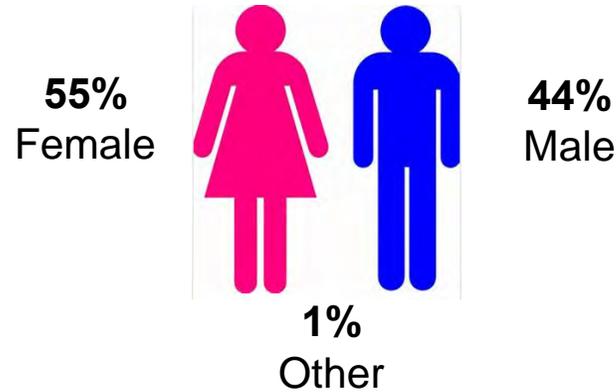
- <1 year
- 1 to <5 years
- 5 to <10 years
- 10 to <15 years
- 15+ years



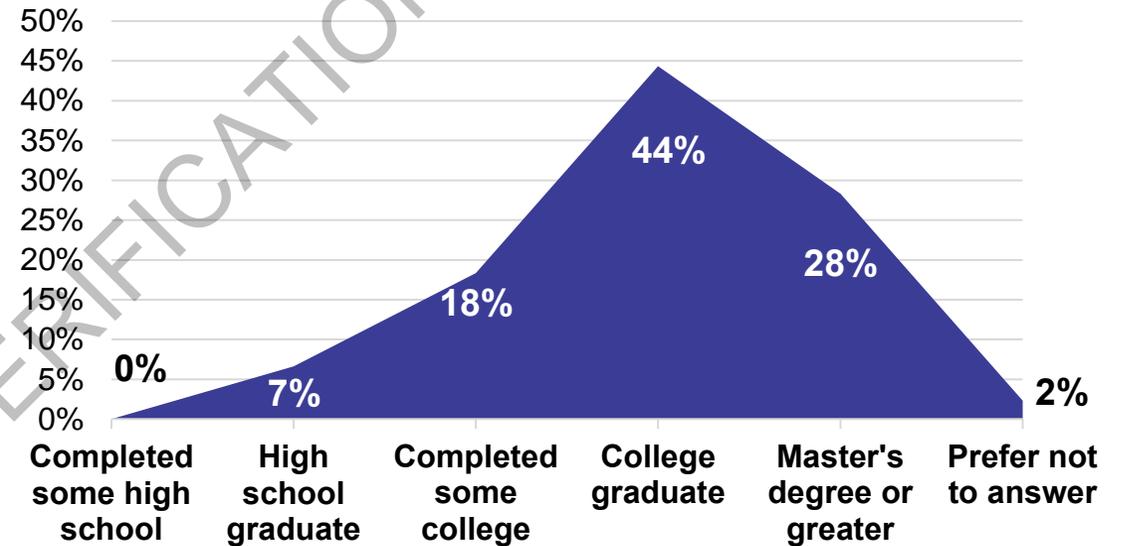
Less than \$24,000	6%
\$24,000 to \$49,999	15%
\$50,000 to \$74,999	16%
\$75,000 to \$99,999	12%
\$100,000+	33%
Prefer not to answer	18%

Respondent Demographics

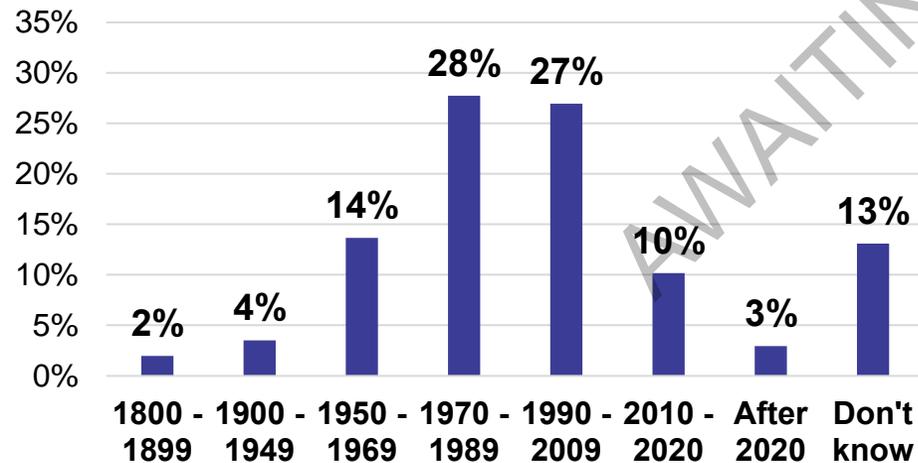
Gender



Highest Level Of Education Completed



Age Of Home



Expectation Setting



Behind The Meter largest survey Customer Insights & Programs performs

- Clean Heat Plan questions a piece of the overall survey

Please hold questions until the end of the presentation

- Note slide number

Key Findings – Clean Heat Plan Questions

89% of respondents are not familiar with the Clean Heat Plan

- They have low knowledge of greenhouse gas (GHG) emissions and do not agree banning natural gas will reduce GHG emissions

Energy efficiency is very important to older customers

- Younger customers tend to be more open to beneficial electrification

Customers across all generations understand how technology works and the impact their usage can have on the grid

- 56% self-identified as Green Pioneers
- 24% self-identified as Simply Sustainable

Key Findings – Clean Heat Plan Questions

Air quality is more important to our customers than the industry

- Community air quality and indoor pollutant concerns in top “Most Apply” statements

Furnaces and water heaters have the largest market share for electrification

Customer energy savings potential in heating and air conditioning, windows and insulation

Segment Definitions

SECC's Updated Segmentation



Simply Sustainable

Highly value the environment and are overwhelmed by technology.

These consumers are not tech-savvy but want to save energy and have some understanding of the impact of their usage,

Unlike Trusting Traditionalists, Simply Sustainable consumers are not completely overwhelmed by the idea of technology. They are also more likely to have taken small actions to save electricity and be interested in taking further action.



Connected Pragmatists

Tech-savvy and somewhat price sensitive but lack urgency for upgrades.

These consumers are not too concerned about the impact of their electricity usage but are interested in energy-saving offers/opportunities.

Half of consumers in this segment are 18-34 years old, and over one-third identify as non-white. They have the second highest electric bills, are the most likely to rent, and live a multi-family dwelling.



Green Pioneers

The ideal consumer that values technology and energy efficiency.

These consumers understand how technology works and the impact their electric usage can have on the grid.

They are tech-savvy and have a lot of devices, which leads them to having the highest electric bill of all segments. However, they are concerned about their usage and the strain on the electric grid. They are willing to pay more to ensure reliability and resilience.



Trusting Traditionalists

Intimidated by technology, leaving them feeling overwhelmed.

These consumers have the lowest adoption and interest in technology. They understand the impact of their electricity usage on the environment, but do not see how technology can help.

They own their home but have the lowest income and electric bill. However, they are the most satisfied and trusting of their utility – creating an opportunity to engage with this group.



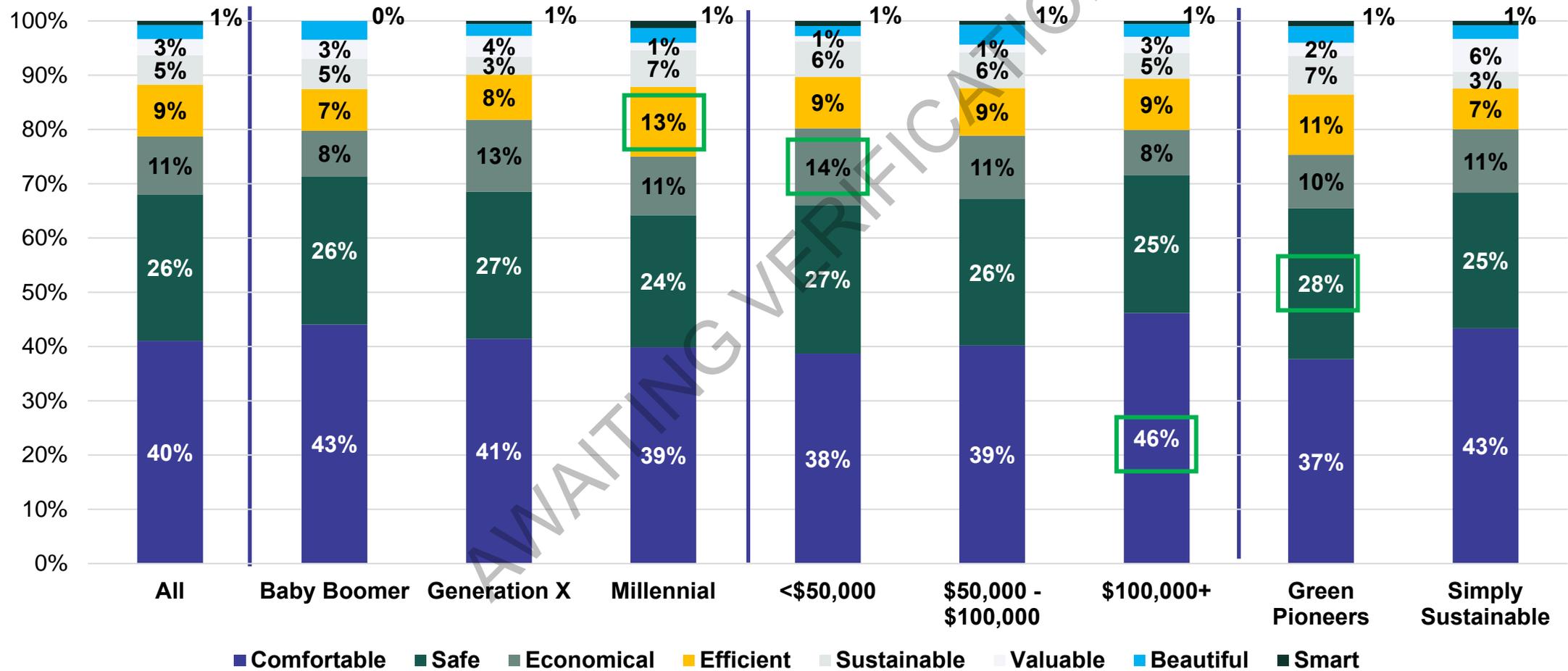
Comfort Seekers

Consumers who put their needs first, not caring for technology or efficiency.

These consumers have a “me first” attitude. They do not put in the effort to learn about technology nor care about saving energy. They use as much as they want to.

They keep it simple with a flat rate structure and have a higher-than-average bill. Of all the segments, these consumers are most difficult to engage.

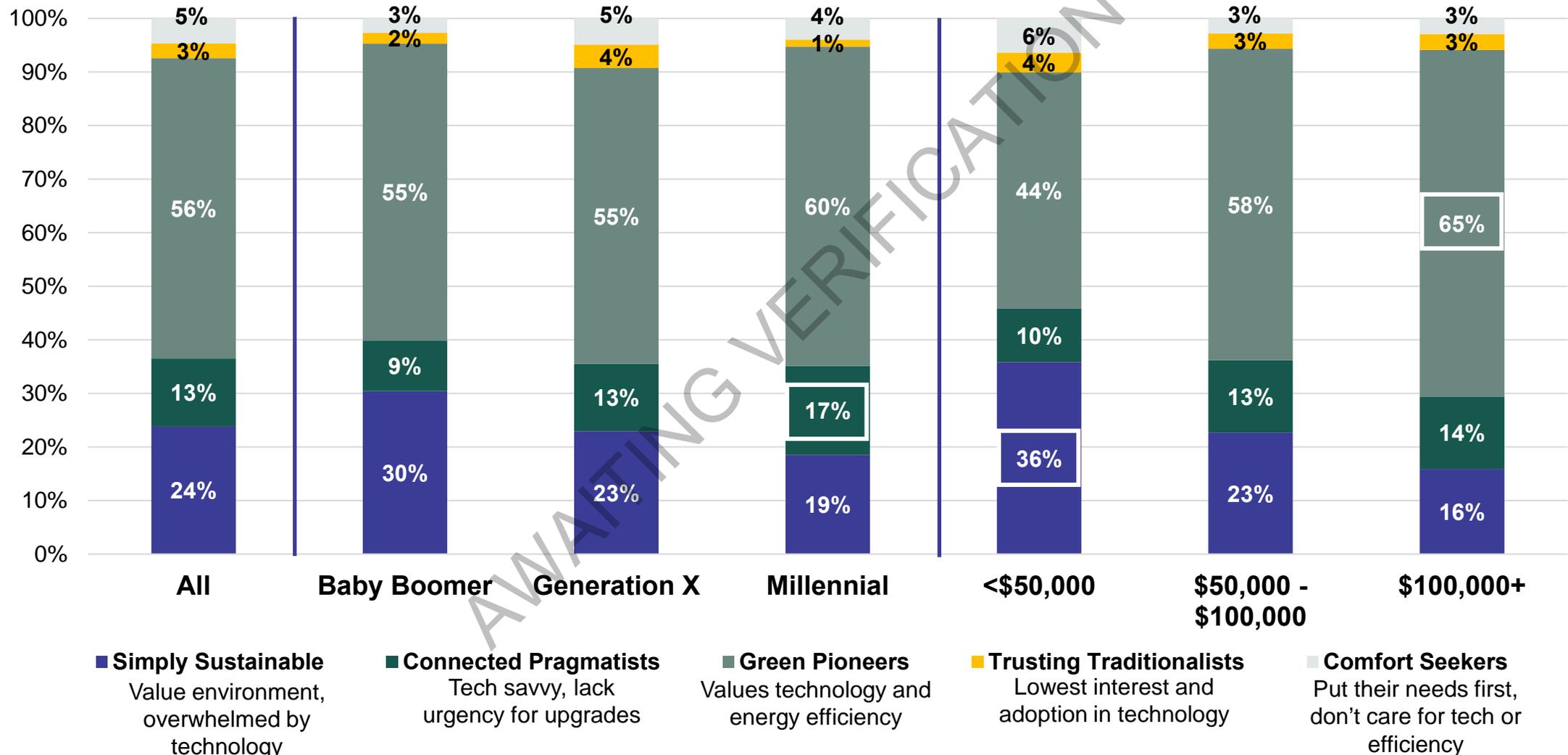
Comfortable And Safe Are Most Important To Customers When Describing Their Home



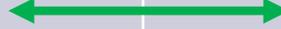
■ Comfortable
 ■ Safe
 ■ Economical
 ■ Efficient
 ■ Sustainable
 ■ Valuable
 ■ Beautiful
 ■ Smart

Highest percentage

How Do They Use Technology And Utilities?



Customer Energy Savings Potential

	Most Interested In	Save Most Money
Energy efficient heating and air conditioning	166 	216
Energy efficient windows	132 	187
Energy efficient insulation	99 	160
Energy efficient appliances	94 	73
Smart thermostat	92 	80
LED lighting	76	64
Energy efficient/heat pump water heater	52	69
Batteries to store electricity	43	17
None	29	10
Cooking equipment (Cooktop and oven)	25	6
Power strips	25	6
Heat pump	25	18
In-home charging station for electric vehicles	23	17
Other	23	7
Fireplace	22	11

Q3. What product(s) from the list below are you most interested in having in your home? Please select your top two.

Q4. What product(s) from the list below do you think can save you the most money over time? Please select your top two.

How Important Are Energy And Water Efficiency?

	All Respondents (n=512)	Baby Boomer (n=148)	Generation X (n=183)	Millennial (n=151)	<\$50,000 (n=109)	\$50,000 - \$100,000 (n=141)	\$100,000+ (n=170)	Green Pioneers (n=287)	Simply Sustainable (n=122)
Bottom 3 Box (1, 2, 3)	2%	1%	2%	1%	3%	1%	1%	1%	2%
Top 3 Box (8, 9, 10)	64%	68%	64%	61%	63%	72%	59%	70%	66%
Mean Score	7.98	8.26	7.87	7.95	7.88	8.33	7.78	8.25	8.16

(1-to-10-point scale used)

No significant differences between generations in age of home

How Do Customers Feel About Energy And The Environment?

Statement Number	Statement	Mean Score
6	Electricity from renewable sources reduces greenhouse gas emissions	3.89
3	I am concerned about my community's air quality	3.82
16	If my electric provider switched to using renewable resources, this would increase my bill	3.76
18	New homes that are 100% electric are often more expensive than new homes that are not 100% electric	3.72
7	The increase in extreme weather is concerning to me	3.65
21	Moving to electric vehicles and all-electric buildings will strain the power grid, potentially impacting reliability	3.61
2	I am concerned about air pollutants inside my home	3.54
10	Electricity is becoming cleaner and more renewable every day	3.53
1	I am trying to reduce my greenhouse gas emissions	3.49
13	Any little bit of renewable energy helps prevent climate change	3.42
8	Climate change is impacting how I use energy and water	3.38
17	Buying electric vehicles is for the wealthy	3.36
22	The government isn't doing enough to reduce greenhouse gases	3.36
19	Electric vehicles reduce greenhouse gas emissions compared to gas-powered automobiles	3.28
12	Buildings should favor electricity over natural gas to reduce greenhouse gas emissions	2.96
4	Saving money is more important to me than saving the environment	2.77
9	Electricity emits more greenhouse gases than natural gas	2.75
20	I would only reduce my greenhouse gas emissions if it saves me money	2.74
14	I am concerned about the safety of natural gas in homes	2.65
15	I am concerned about the safety of electricity in homes	2.55
11	Banning natural gas will help reduce greenhouse gas emissions	2.50
5	Saving money is more important to me than improving the air I breathe	2.45

Which Most Apply And Least Apply?

Most Apply

Climate change is impacting how I use energy and water	54
The increase in extreme weather is concerning to me	53
Moving to electric vehicles and all-electric buildings will strain the power grid, potentially impacting reliability	51
I am concerned about air pollutants inside my home	37
Saving money is more important to me than saving the environment	37
I am concerned about my community's air quality	33
Any little bit of renewable energy helps prevent climate change	32
The government isn't doing enough to reduce greenhouse gases	32
If my electric provider switched to using renewable resources, this would increase my bill	31
Electricity from renewable sources reduces greenhouse gas emissions	25
Electricity is becoming cleaner and more renewable every day	21
I am trying to reduce my greenhouse gas emissions	18
I would only reduce my greenhouse gas emissions if it saves me money	16
Saving money is more important to me than improving the air I breathe	14
I am concerned about the safety of natural gas in homes	11
Buying electric vehicles is for the wealthy	10
Electric vehicles reduce greenhouse gas emissions compared to gas-powered automobiles	9
New homes that are 100% electric are often more expensive than new homes that are not 100% electric	8
Banning natural gas will help reduce greenhouse gas emissions	6
Buildings should favor electricity over natural gas to reduce greenhouse gas emissions	5
I am concerned about the safety of electricity in homes	5
Electricity emits more greenhouse gases than natural gas	4

Least Apply

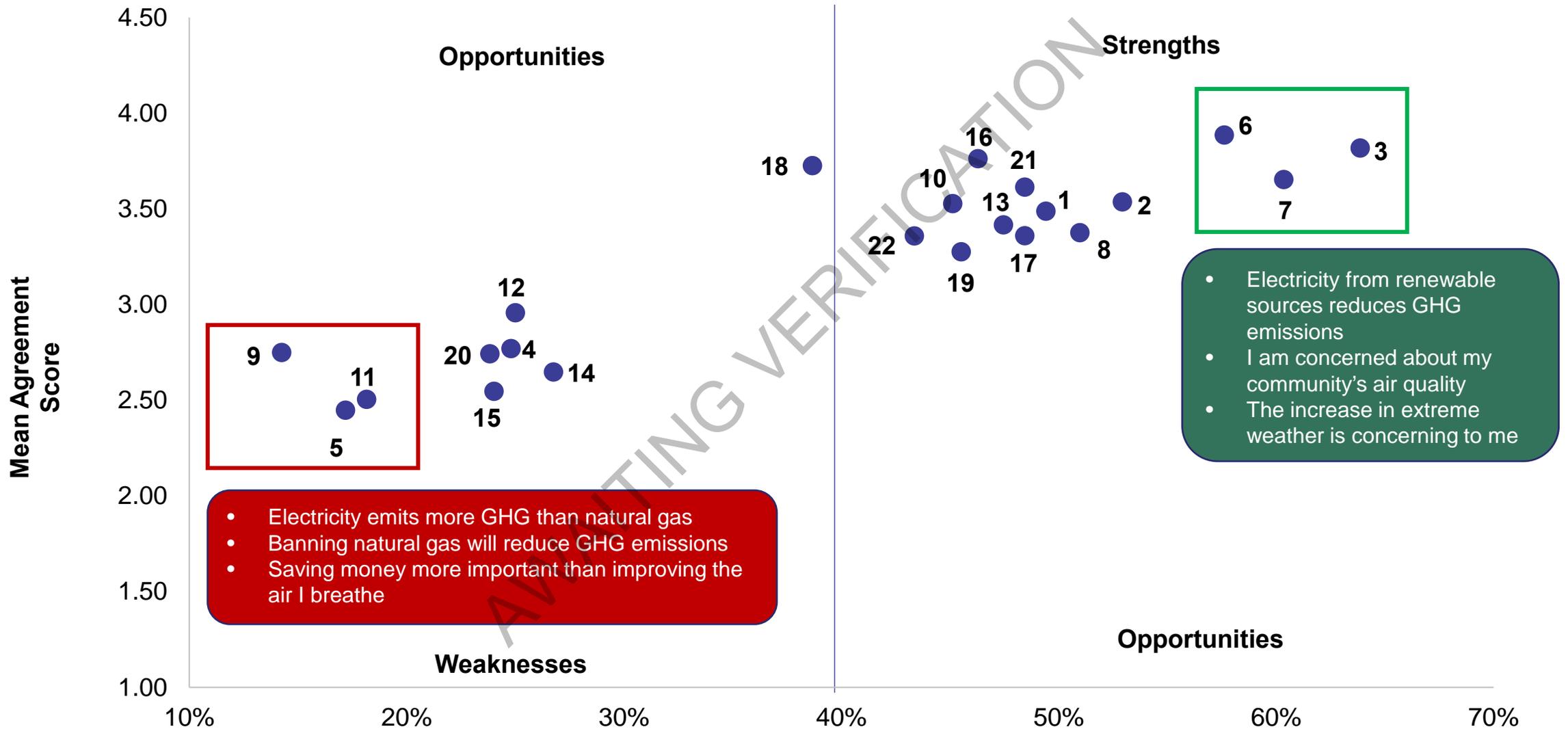
Saving money is more important to me than saving the environment	56
I am concerned about the safety of electricity in homes	44
Buying electric vehicles is for the wealthy	44
New homes that are 100% electric are often more expensive than new homes that are not 100% electric	44
Saving money is more important to me than improving the air I breathe	43
I am concerned about the safety of natural gas in homes	34
Climate change is impacting how I use energy and water	28
Banning natural gas will help reduce greenhouse gas emissions	26
The increase in extreme weather is concerning to me	23
I would only reduce my greenhouse gas emissions if it saves me money	23
Buildings should favor electricity over natural gas to reduce greenhouse gas emissions	21
The government isn't doing enough to reduce greenhouse gases	21
I am concerned about air pollutants inside my home	20
Electric vehicles reduce greenhouse gas emissions compared to gas-powered automobiles	18
Moving to electric vehicles and all-electric buildings will strain the power grid, potentially impacting reliability	16
Electricity emits more greenhouse gases than natural gas	13
Any little bit of renewable energy helps prevent climate change	10
Electricity from renewable sources reduces greenhouse gas emissions	8
If my electric provider switched to using renewable resources, this would increase my bill	7
I am trying to reduce my greenhouse gas emissions	6
I am concerned about my community's air quality	5
Electricity is becoming cleaner and more renewable every day	2

Q6b. Please indicate which of the following items most applies to you.
Colorado Springs Utilities

Q6c. Please indicate which of the following items least applies to you.

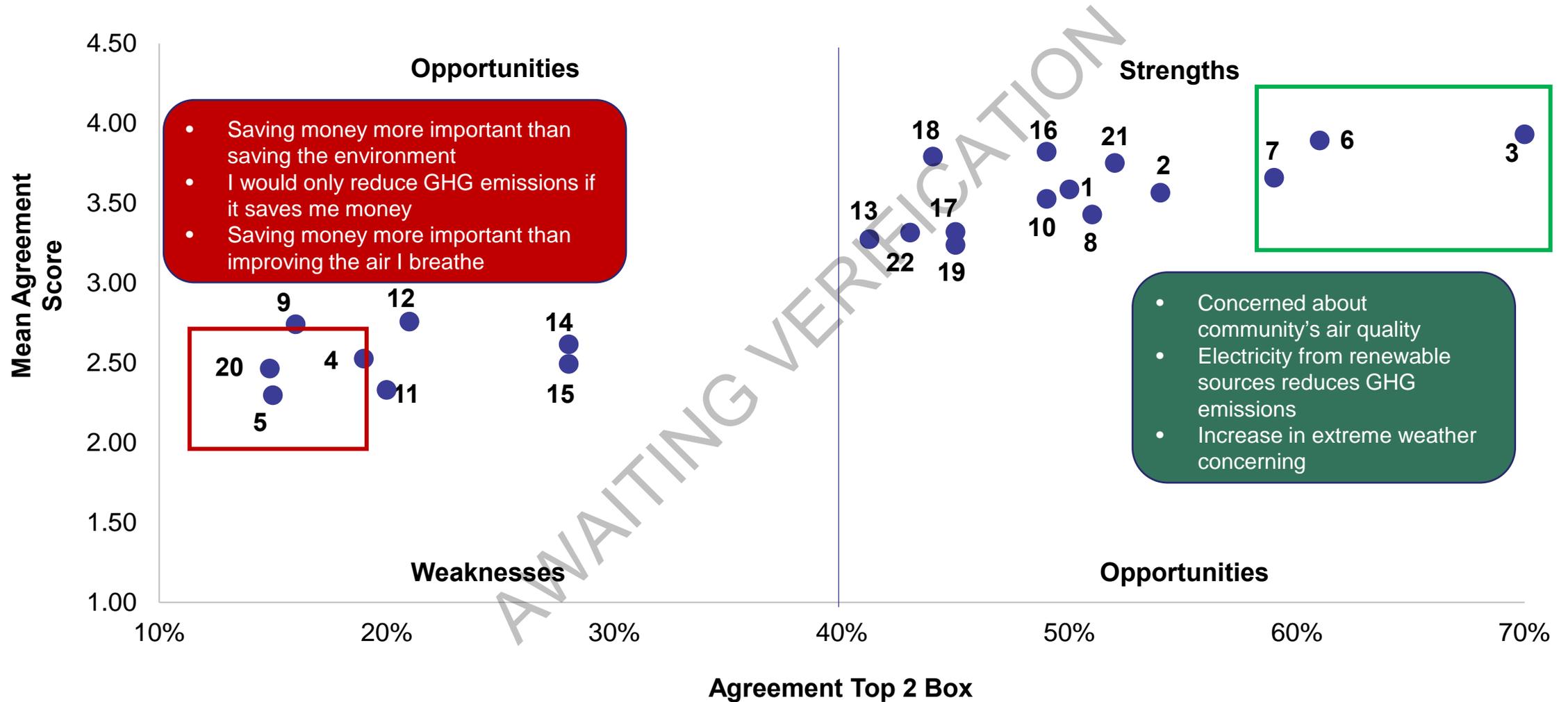
Energy And The Environment Matrix

All Respondents



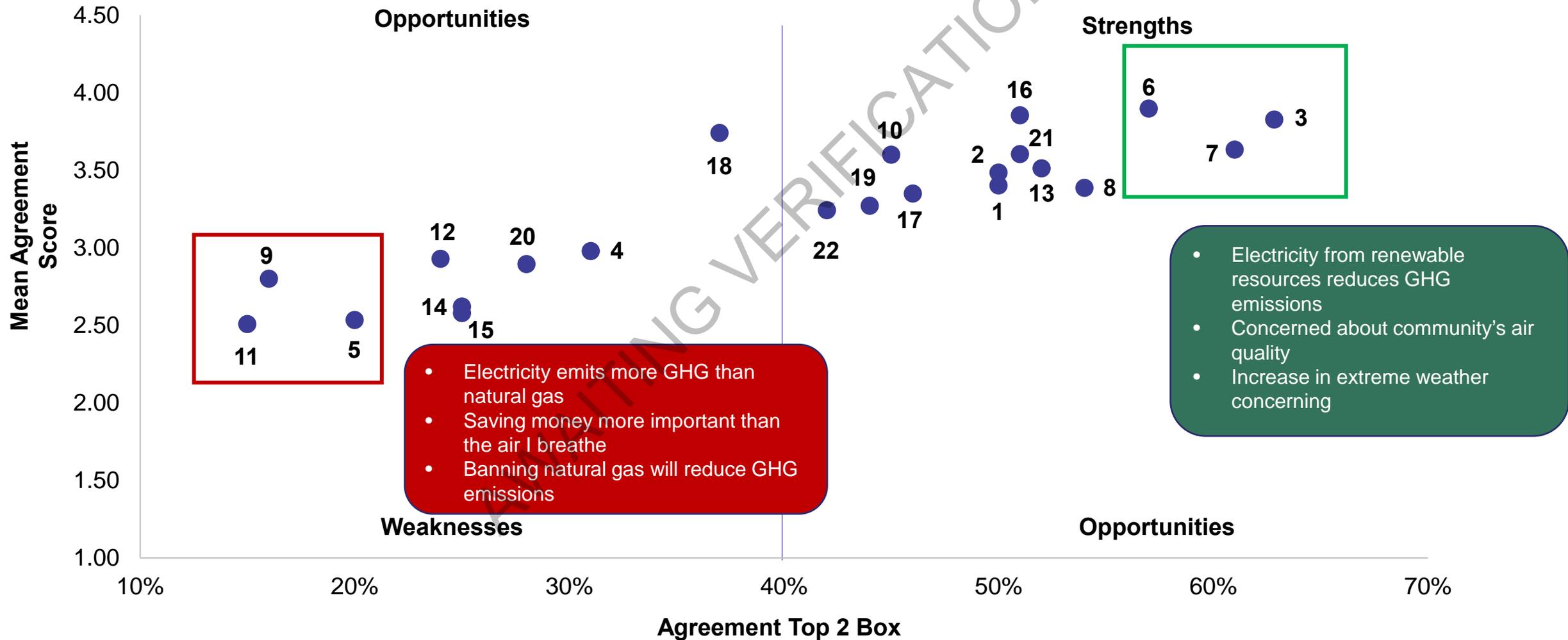
Energy And The Environment Matrix

Baby Boomer Crosstabs



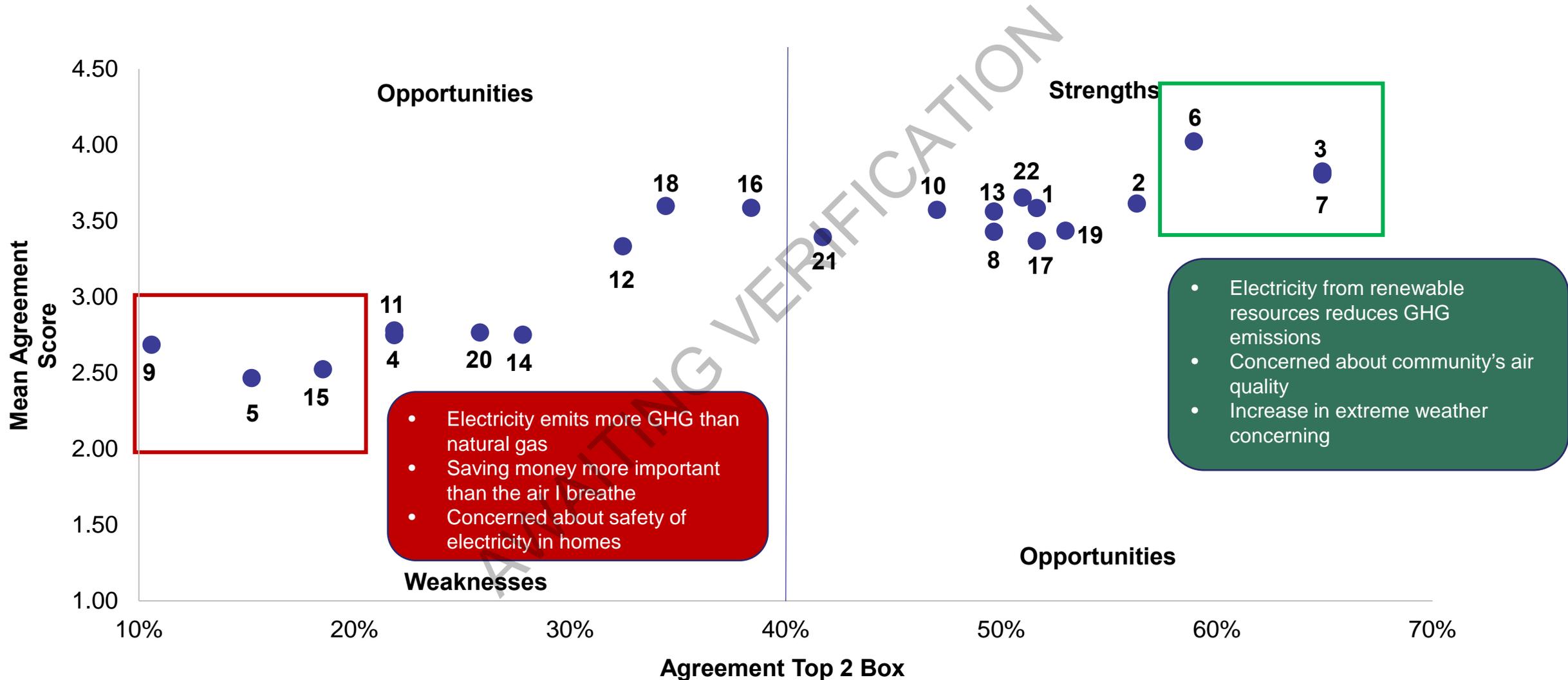
Energy And The Environment Matrix

Generation X Crosstabs



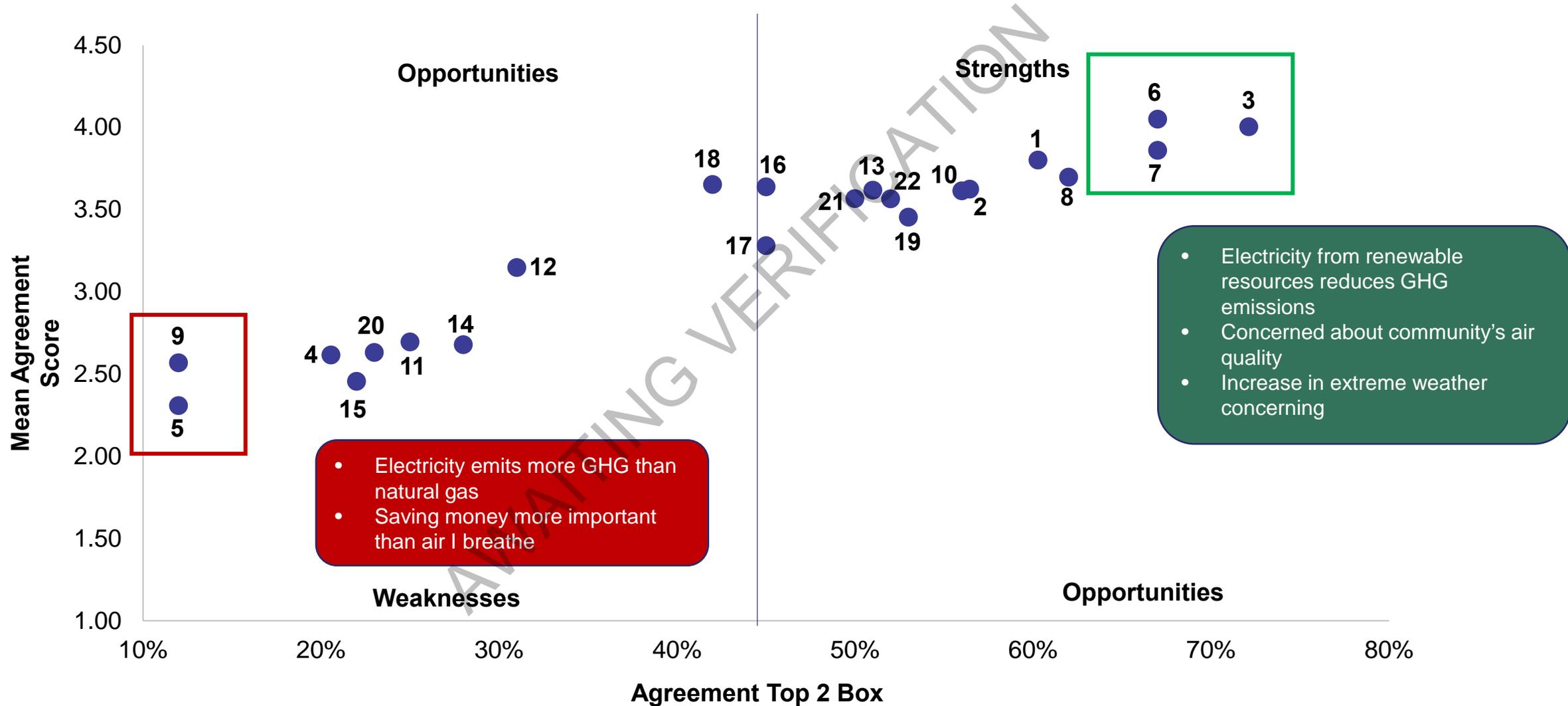
Energy And The Environment Matrix

Millennial Crosstabs



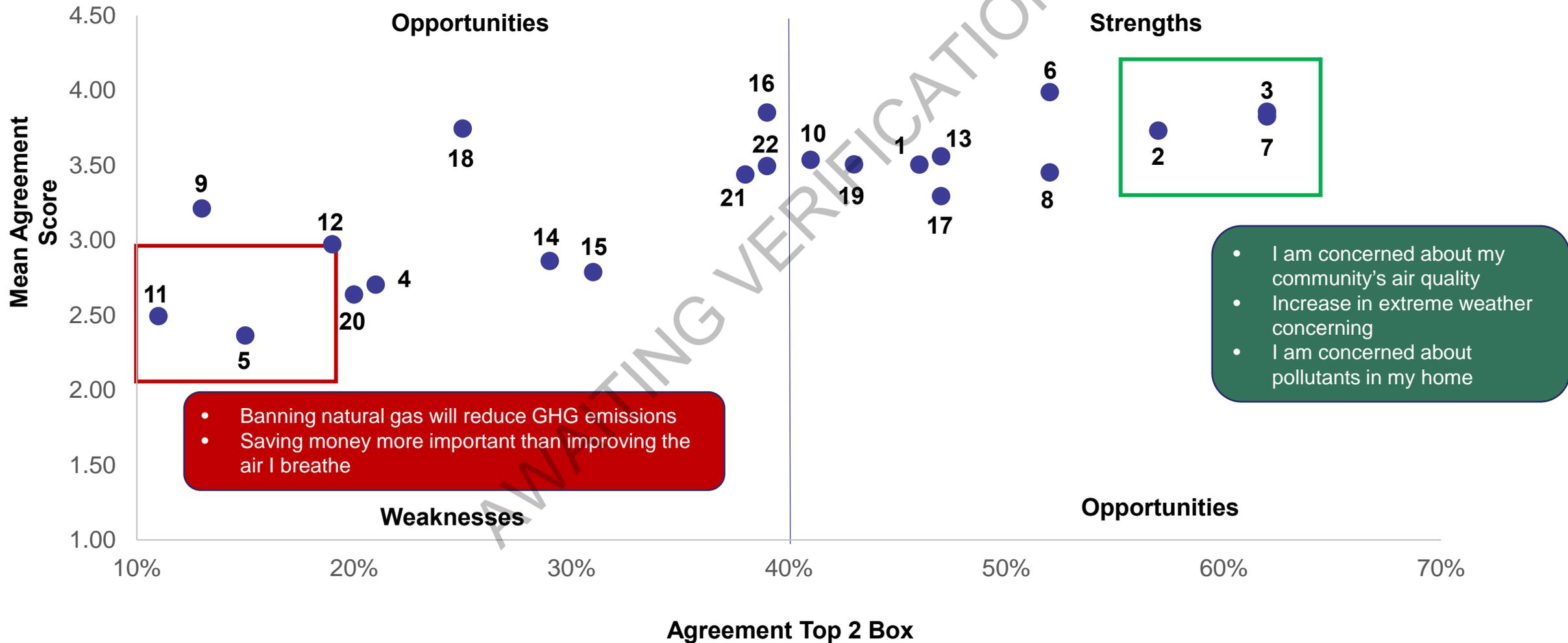
Energy And The Environment Matrix

Green Pioneer Crosstabs



Energy And The Environment Matrix

Simply Sustainable Crosstabs



Knowledge Of Beneficial Electrification

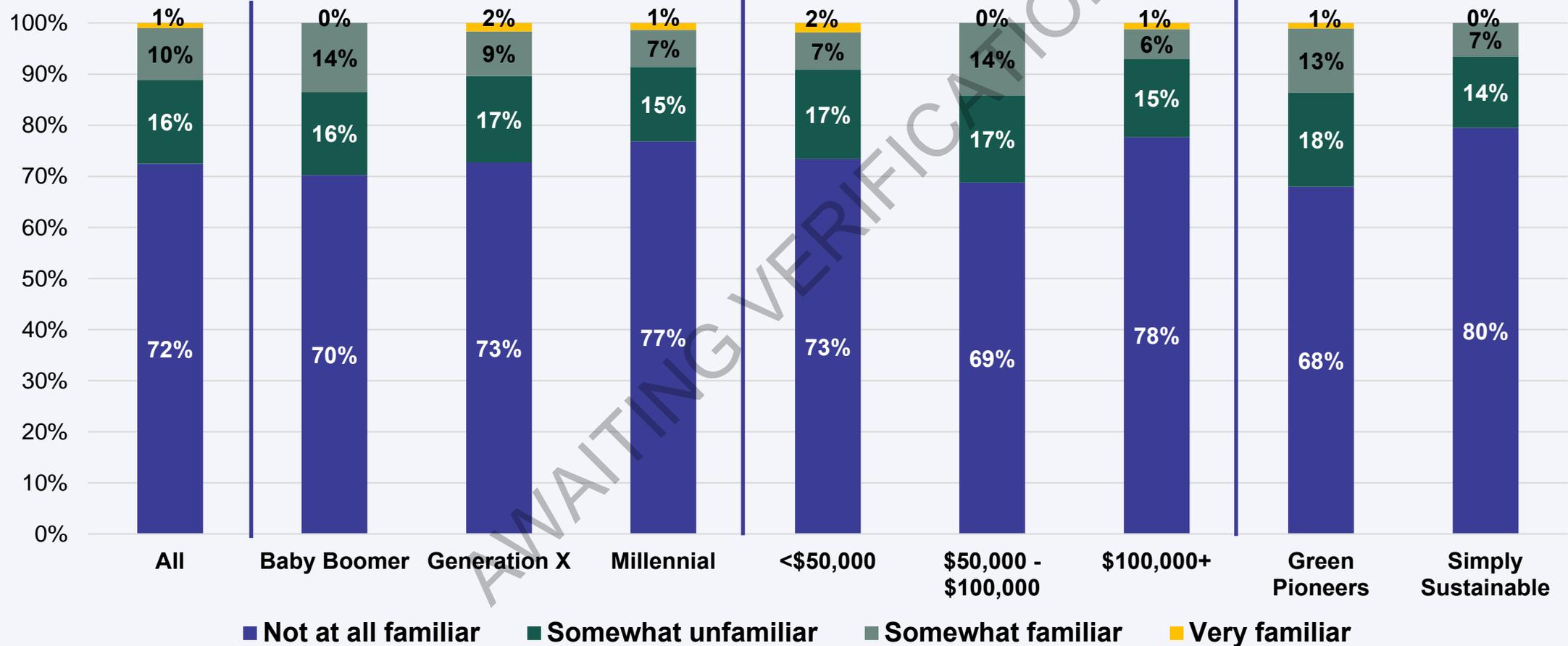
Percentage "Don't Know"	All Respondents (n=512)	Baby Boomer (n=148)	Generation X (n=183)	Millennial (n=151)	<\$50,000 (n=109)	\$50,000 - \$100,000 (n=141)	\$100,000+ (n=170)
Electricity emits more greenhouse gases than natural gas	37%	34%	37%	39%	42%	41%	31%
New homes that are 100% electric are often more expensive than new homes that are not 100% electric	36%	32%	39%	36%	36%	38%	35%
If my electric provider switched to using renewable resources, this would increase my bill	24%	24%	22%	22%	27%	30%	18%
Buildings should favor electricity over natural gas to reduce greenhouse gas emissions	23%	19%	25%	25%	28%	22%	23%
Banning natural gas will help reduce greenhouse gas emissions	21%	18%	21%	25%	31%	21%	15%

No significant differences in highest level of education

 Highest percentage

 Lowest percentage

Customers Are Not Familiar With The Clean Heat Plan



Q7. How would you rate your familiarity with Colorado State Senate Bill 21-264 (Clean Heat Plan) which directs gas distribution utilities in Colorado to reduce greenhouse gas emissions?

Agreement On Electricity And Gas

	Mean Score – All Respondents (n=512)	Baby Boomer (n=148)	Generation X (n=183)	Millennial (n=151)	<\$50,000 (n=109)	\$50,000 - \$100,000 (n=141)	\$100,000+ (n=170)	Green Pioneers (n=287)	Simply Sustainable (n=122)
Electricity can POWER everything in my home that natural gas can power	3.71 (14% Don't know)	3.66	3.67	3.88	3.87	3.82	3.64	3.94	3.63
Electricity is SAFER than natural gas	3.21 (16% Don't know)	3.12	3.10	3.48	3.30	3.32	3.07	3.37	3.13
Gas appliances are more RELIABLE than electric appliances	3.16 (23% Don't know)	3.14	3.20	3.09	3.11	3.11	3.16	2.94	3.34
Gas appliances COST more than electric appliances to purchase	3.05 (34% Don't know)	2.89	3.18	3.19	3.06	3.14	3.12	3.04	3.38

 Greatest opportunities for beneficial electrification

What Are The Energy Sources For Appliances?

Predominantly electric



Clothes dryer

86% electric
8% natural gas



Oven

81% electric
17% natural gas



Cooktop

73% electric
25% natural gas

Predominantly natural gas



Water heater

21% electric
70% natural gas



Furnace

16% electric
74% natural gas



Fireplace

7% electric
36% natural gas
22% other

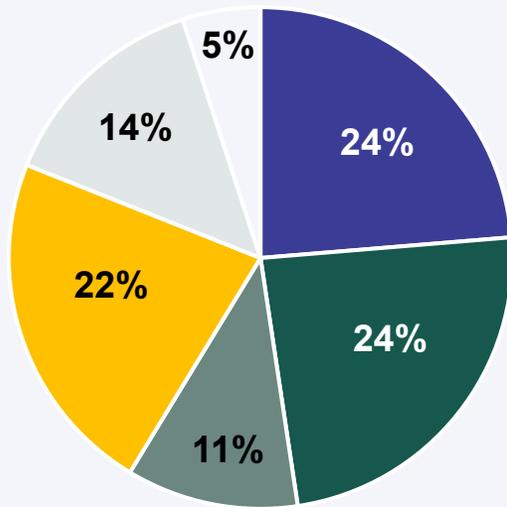
How Old Are Their Appliances?

	<1 year	1 to <5	5 to >10	10 to <20	20+	Don't know
Clothes dryer	7%	31%	30%	18%	5%	10%
Oven	6%	26%	29%	20%	6%	13%
Cooktop	6%	26%	29%	19%	7%	13%
Water heater	8%	31%	28%	17%	3%	13%
Furnace	6%	21%	21%	25%	13%	14%
Fireplace	1%	0%	1%	2%	3%	93%



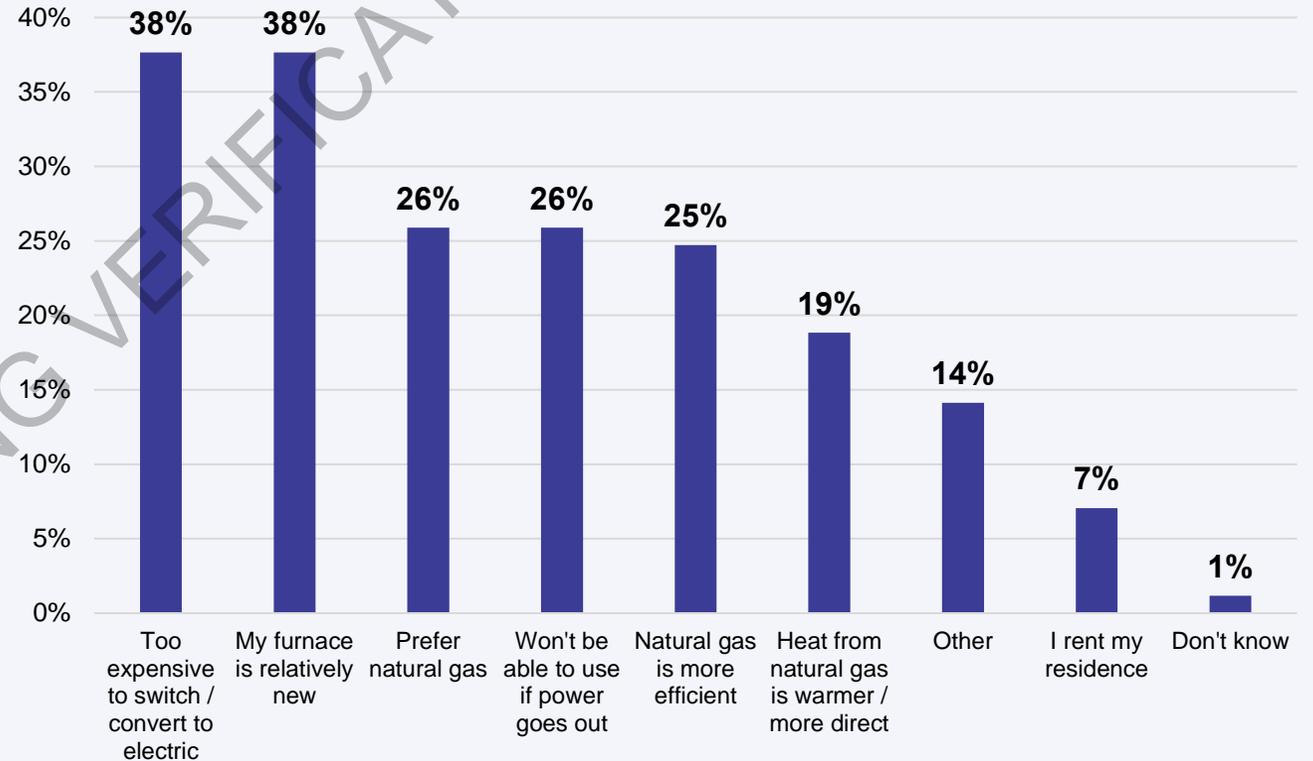
Greatest opportunity for beneficial electrification

Likelihood To Consider Switching From Natural Gas Furnace To Electric Heat Pump



59% possible

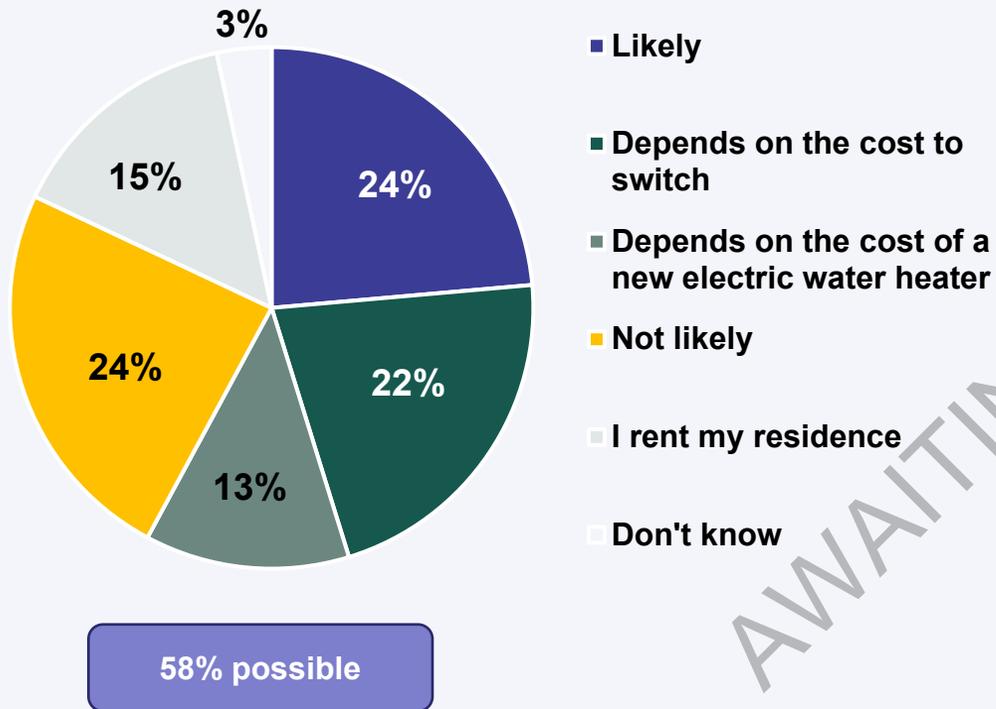
- Likely
- Depends on the cost to switch
- Depends on the cost of an electric heat pump
- Not likely
- I rent my residence
- Don't know



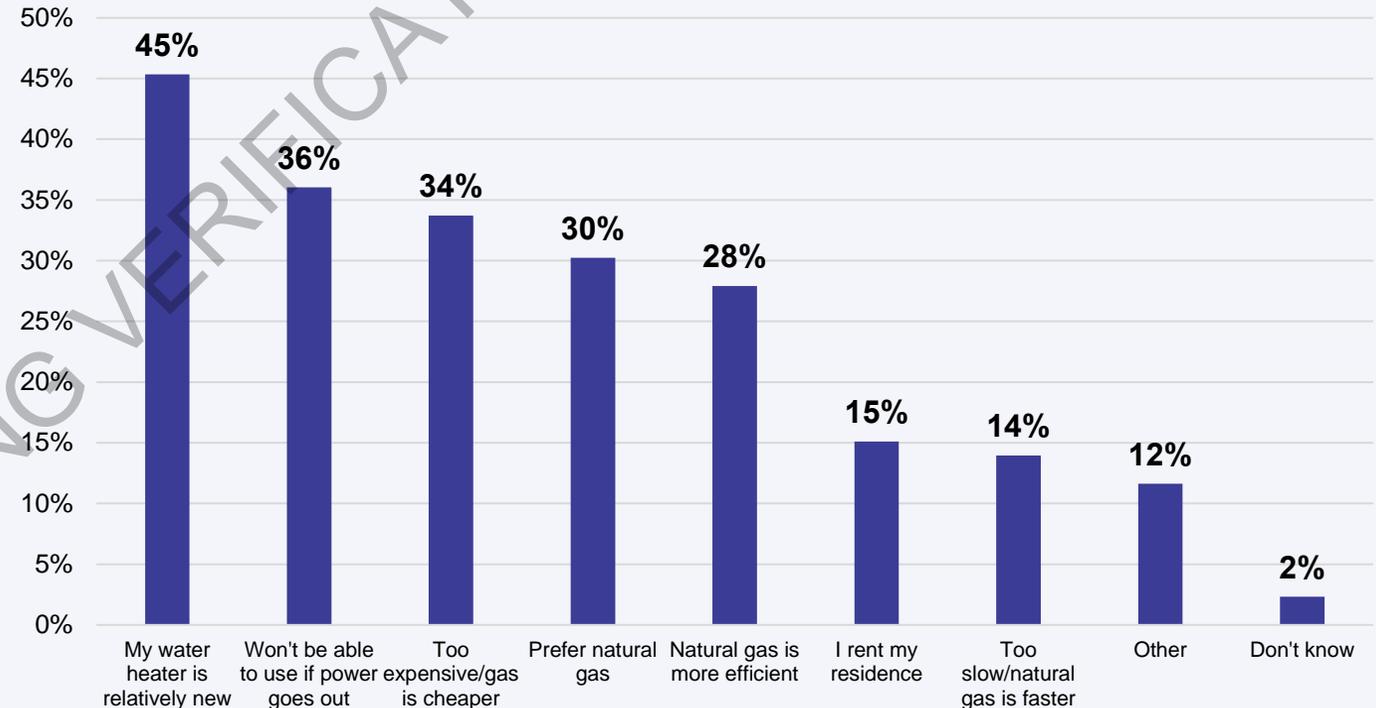
Q11. What is the likelihood you would consider switching from a natural gas furnace to an electric heat pump if the cost on your bill was the same?

Q11a. What are some of the reasons you are not likely to consider switching from a natural gas furnace to an electric heat pump?

Likelihood To Consider Switching From Natural Gas To Electric Water Heater

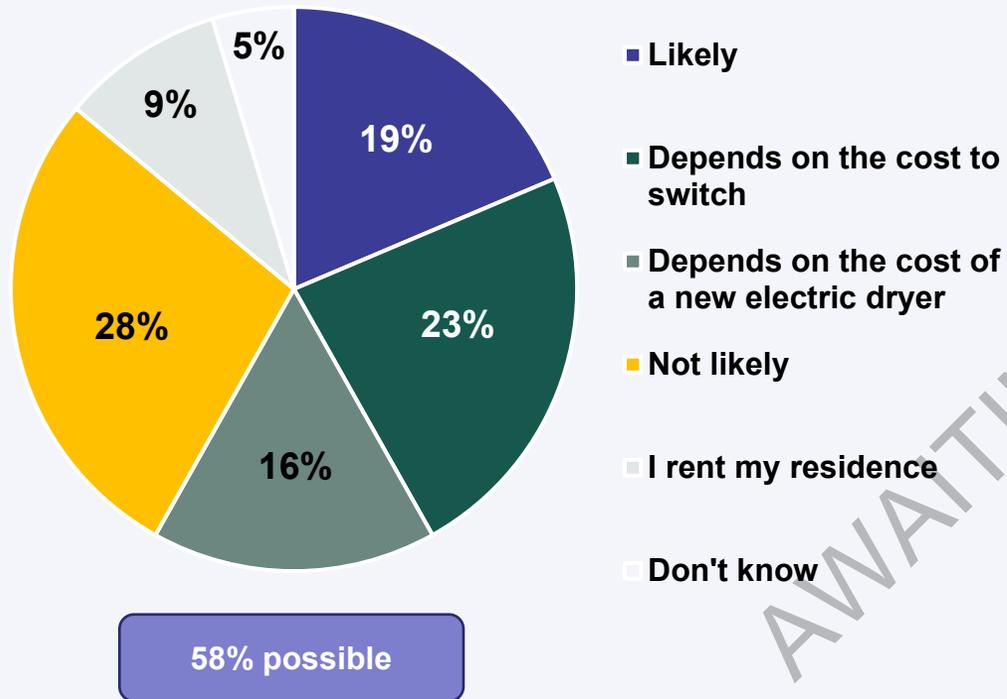


Q12. What is the likelihood you would consider switching from a natural gas water heater to an electric water heater if the cost on your bill was the same?

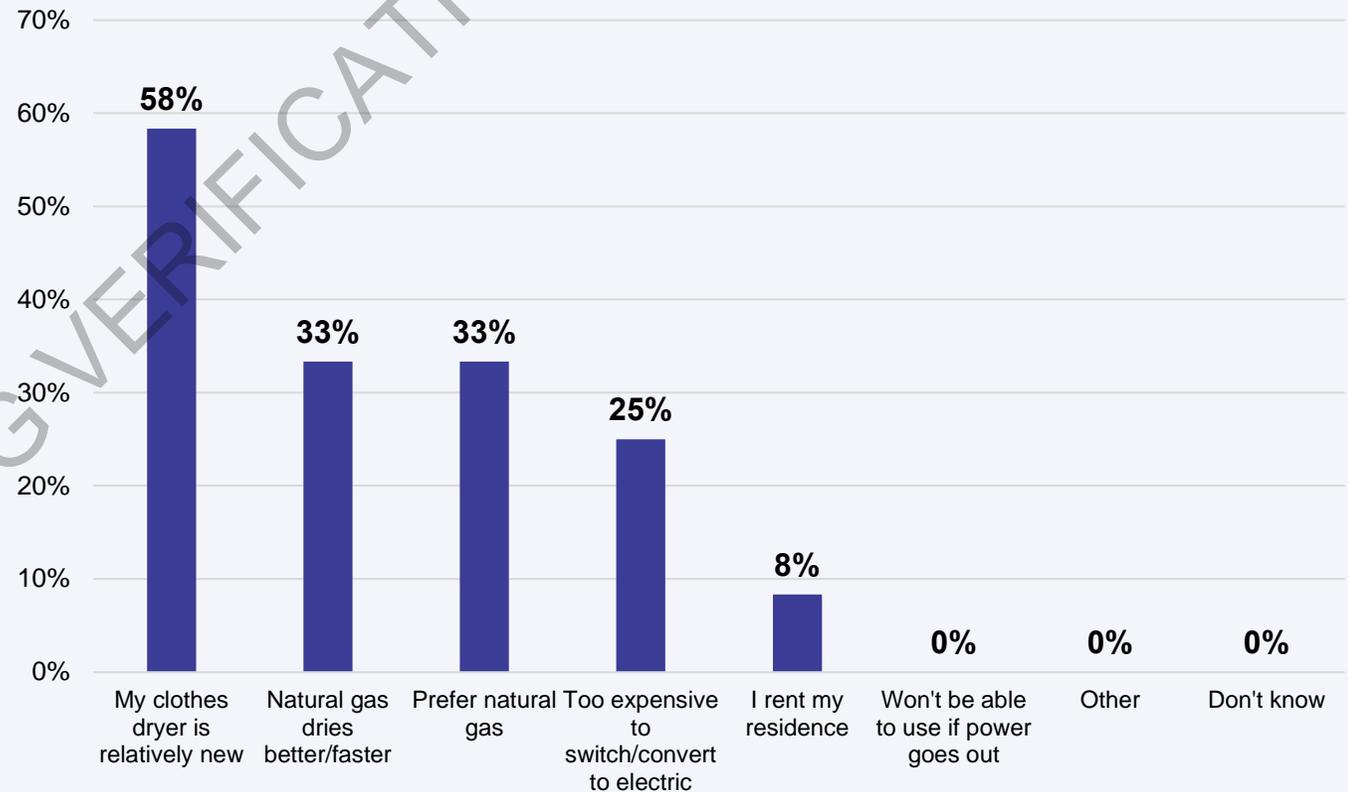


Q12a. What are some of the reasons you are not likely to consider switching from natural gas to electric for your water heater?

Likelihood To Consider Switching From Natural Gas To Electric Clothes Dryer

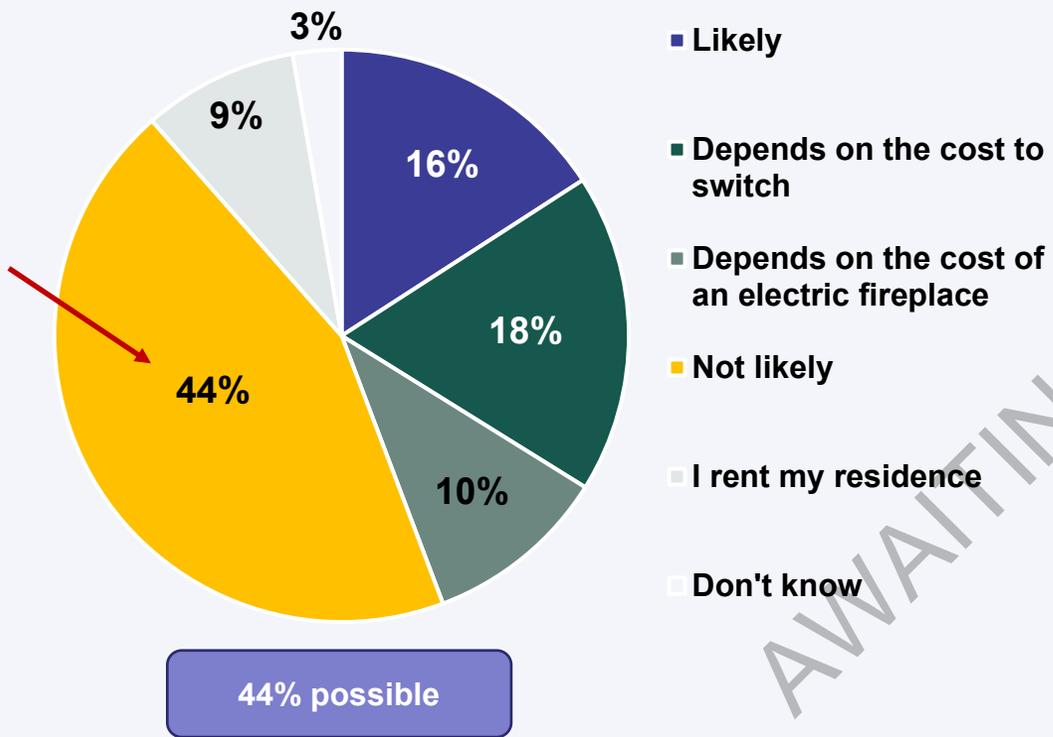


Q13. What is the likelihood you would consider switching from a natural gas clothes dryer to an electric clothes dryer if the cost on your bill was the same?

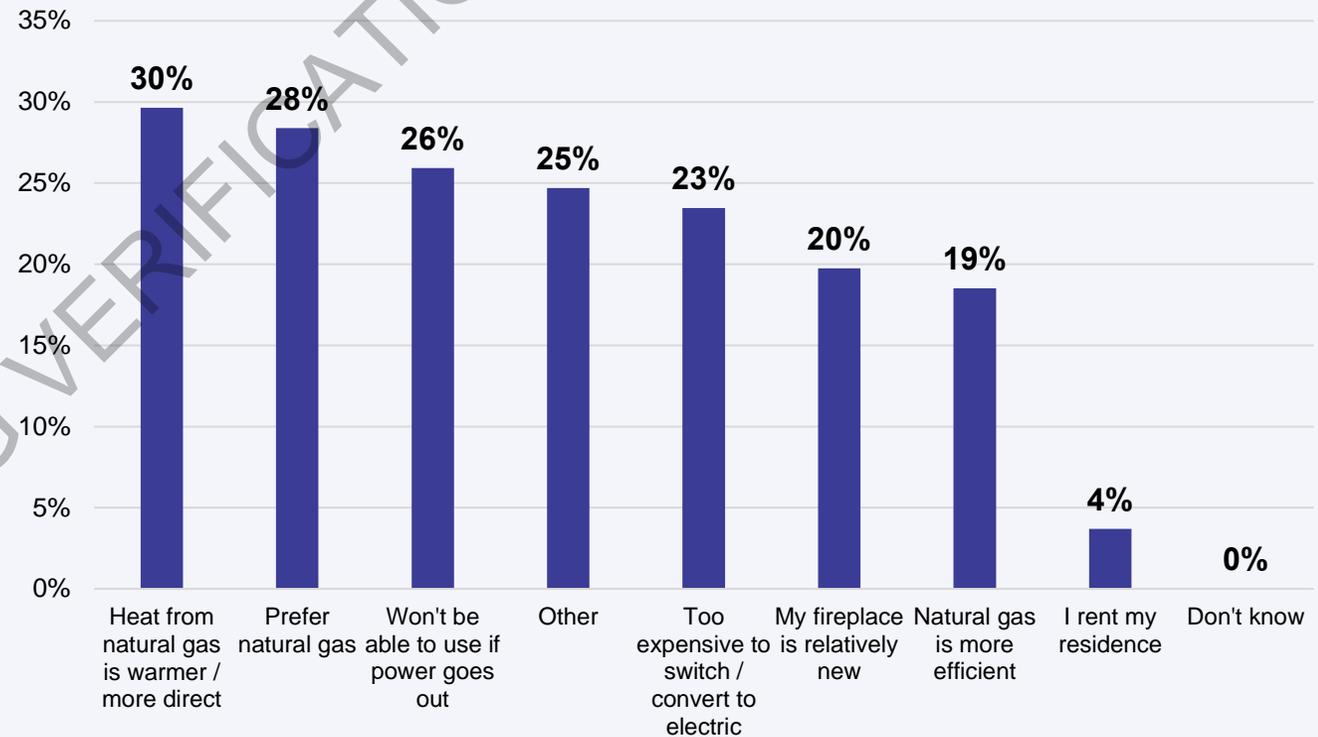


Q13a. What are some of the reasons you are not likely to consider switching from natural gas to electric for your clothes dryer?

Likelihood To Consider Switching From Natural Gas To Electric Fireplace

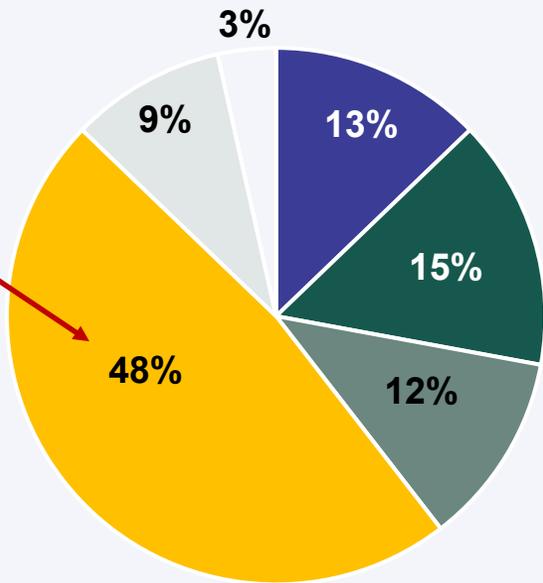


Q14. What is the likelihood you would consider switching from a natural gas fireplace to an electric fireplace if the cost on your bill was the same?



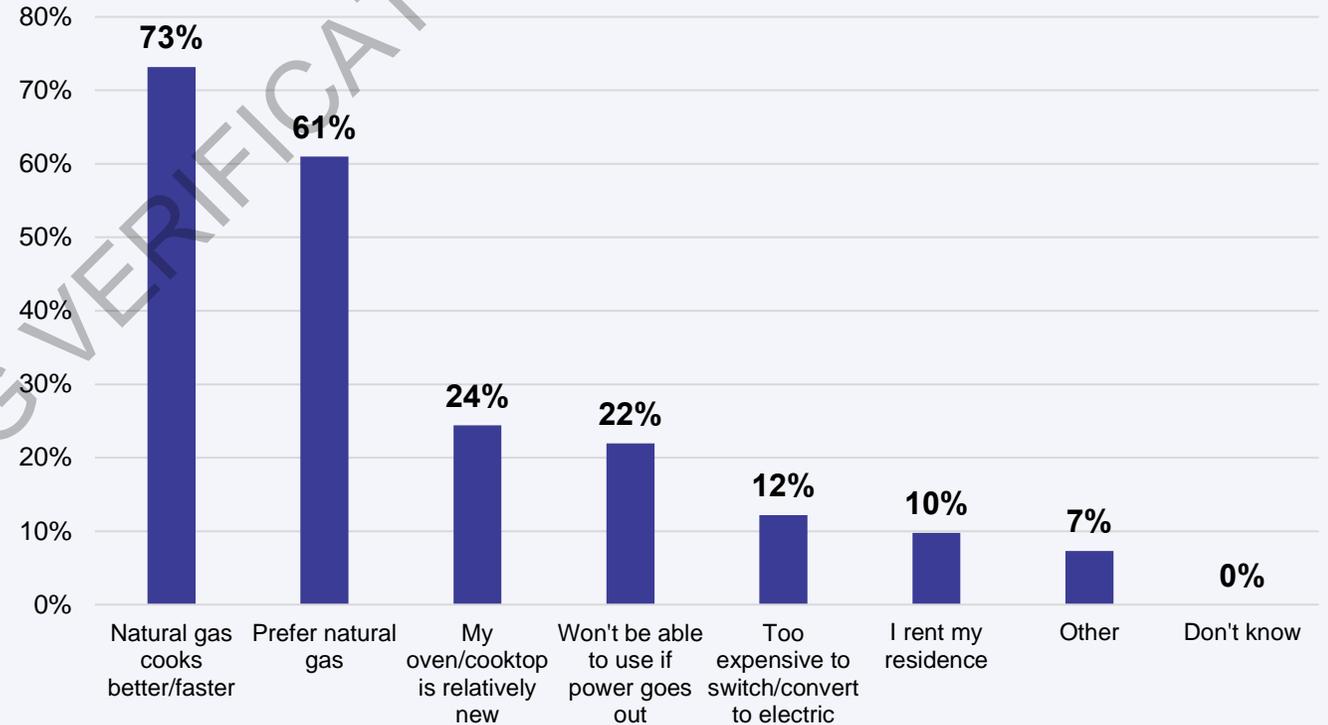
Q14a. What are some of the reasons you are not likely to consider switching from natural gas to electric for your fireplace?

Likelihood To Consider Switching From Natural Gas To Electric Oven



40% possible

- Likely
- Depends on the cost to switch
- Depends on the cost of a new electric oven
- Not likely
- I rent my residence
- Don't know



Q15. What is the likelihood you would consider switching from a natural gas oven to an electric oven if the cost on your bill was the same?

Q15a. What are some of the reasons you are not likely to consider switching from natural gas to electric for your oven?

Still Left To Look At...

- Board Summary?
- Attachment to Plan when submitted?
- Behind The Meter Presentation (late March)
 - Sources of heating and cooling
 - Appliances
 - Water behaviors
 - Innovation such as EV and smart device adoption

AWAITING VERIFICATION

AGENDA

Wednesday, March 22, 2023

1:00 p.m.

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

[+1 719-733-3651,,473563590#](#)

- | | | |
|------------------|--|---|
| 1:00 p.m. | 1. Call to Order | Chair Wayne Williams |
| 1:05 p.m. | 2. Invocation and Pledge of Allegiance | |
| 1:10 p.m. | 3. Consent Calendar | Chair Wayne Williams Approval |
| | <p>These items will be acted upon as a whole, unless a specific item is called for discussion by a Board Member or a citizen wishing to address the Utilities Board. (Any items called up for separate consideration shall be acted upon following Compliance Reports.)</p> | |
| | <p>3a. Approval of Utilities Board Special Meeting Minutes: February 15, 2023</p> | |
| | <p>3b. Approval of Utilities Board Meeting Minutes: February 22, 2023</p> | |
| | <p>3c. Approval of Special Utilities Board Meeting Minutes: February 24, 2023</p> | |
| 1:20 p.m. | 4. Customer Comments | Chair Wayne Williams Information |

- During the customer comment period, comments are accepted for any topic not on the agenda.
- Comments for specific agenda items will be taken following the presentation of the item and the Board's discussion.
- Comments will be limited to three minutes per speaker.
- Following the comments from customers that have signed up to speak, an announcement will be made seeking additional comments and the Board will accept all those wishing to comment.

1:30 p.m.	5.	Recognition: President's Volunteer Service Award	Mike Francolino, Chief Enterprise Services Officer	Information
		Resolution of Appreciation for Utilities Board Member Stephannie Fortune	Travas Deal, Chief Executive Officer	Approval
		Resolution of Appreciation for Utilities Board Member Bill Murray	Travas Deal, Chief Executive Officer	Approval
		Resolution of Appreciation for Utilities Board Member Tom Strand	Travas Deal, Chief Executive Officer	Approval

		Resolution of Appreciation for Utilities Board Chair Wayne Williams	Travas Deal, Chief Executive Officer	Approval
1:45 p.m.	6.	Compliance Reports: ER:1-3 Utilities Board Expected Results Year End Performance –Scorecard (Semi-annual) I-4 Risk Management (Annual City Auditor Report) I-8 Asset Protection (Semi-annual) E-2 CEO Responsibilities <ul style="list-style-type: none"> • Water Outlook • ECA/GCA monitoring 	Travas Deal, Chief Executive Officer	Monitoring
2:00 p.m.	7.	Items Called Off Consent Calendar		
2:10 p.m.	8.	Affordable Housing Program Report	Katie Sunderlin, Sr. Affordable Housing Coordinator – City of Colorado Springs Jared Miller, Strategic Customer Relations Manager	Discussion

2:45 p.m.	9. Clean Heat Plan Update	David Longrie, Engineering Manager	Discussion
3:00 p.m.	10. Regional Water Agreements	Jenny Bishop, Engineer IV	Discussion
3:20 p.m.	11. Board Member Updates	Board of Directors	Information
3:35 p.m.	<p>12. Executive Session</p> <p><i>In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(a), (b), and (e) and Utilities Board Bylaws Rules 10(c)(1), (2), and (5), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session on one issue. The issue to be discussed involves the purchase and acquisition of an interest in real property, conferences with the City Attorney's Office for the purpose of receiving legal advice on specific legal questions, and instructing negotiators.</i></p>	Renee Congdon, Division Chief – Utilities, Office of the City Attorney	
	<p><i>The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate</i></p>		

in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

4:35 p.m.	13. Board Member Updates	Board of Directors	Information
5:00 p.m.	14. Adjournment	Chair Wayne Williams	

AWAITING VERIFICATION

MINUTES
Colorado Springs Utilities Special Board Meeting
Wednesday, Feb. 15, 2023

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Wayne Williams, Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Bill Murray, Nancy Henjum, Stephannie Fortune, Tom Strand and Yolanda Avila

Staff members present via Microsoft Teams or Blue River Conference Room: Renee Adams, Andie Buhl and Bethany Schoemer

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Bethany Burgess and Tracy Lessig

1. Call to Order

Chair Wayne Williams called the special Utilities Board meeting to order at 12:08 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Executive Session

Ms. Bethany Burgess, City Attorney – Division Chief, read the following language to enter Executive Session:

In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(b), (c), (e), (f), and (g) and Utilities Board Bylaw Rules 10(c)(2), (3), (5), (6), and (7), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session. The issue to be discussed involves conferences with the City Attorney's Office for the purpose of receiving legal advice on specific legal questions, matters required to be kept confidential by federal or state law or rules and regulations, developing strategy for negotiations and instructing negotiators, a personnel matter, and consideration of documents protected by the mandatory nondisclosure provisions of part 2 of article 72 of title 24 of the Colorado Revised Statutes, all involving the Chief Executive Officer position.

The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the

public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

Ms. Burgess called the roll and polled the Utilities Board. They voted unanimously to enter Executive Session at 12:11 p.m. The Board took a break at 1:39 p.m. and returned to Open Session at 1:42 p.m.

3. Adjournment

The meeting adjourned at 2:15 p.m.

AWAITING VERIFICATION

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, Feb. 22, 2023

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Wayne Williams, Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Bill Murray, Nancy Henjum, Tom Strand, Stephannie Fortune and Yolanda Avila

Staff members present via Microsoft Teams or Blue River Conference Room: Travas Deal, Tristan Gearhart, Renee Adams, Mike Francolino, Lisa Barbato, Natalie Watts, Al Wells, Andie Buhl, Joe Awad, Jessica Davis, Bill Bolch III, Bethany Schoemer and Heather Harvey

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Bethany Burgess, Alex Ryden, Jackie Rowland, Ryan Trujillo, David Beckett and Tracy Lessig

Residents present via Microsoft Teams or Blue River Conference Room: Chaplain Carl Nelson, Larry Barrett, Dr. Pam Shockley-Zalabak, Caitlin Schinsky, Susan Edmondson, Susan Bolduc, Frozie Abbott, Pete Vieth, Joanne Ziegler, Chris Rudnick and Max Kronstadt

1. Call to Order

Chair Wayne Williams called the Utilities Board meeting to order at 11:31 a.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Chaplain Carl Nelson from the Colorado Springs Police Department delivered the invocation and Chair Williams led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Utilities Board Meeting Minutes: Jan. 18, 2023

3b. Approval of Utilities Board Special Meeting Minutes: Jan. 30, 2023

3c. 2022 CEO Performance Plan Review

Board Member Strand moved approval of the Consent Calendar and Board Member Donelson seconded the motion. The Consent Calendar was unanimously approved.

4. Customer Comments

There were none.

5. Compliance Reports

- Risk Management (I-4)
- Economic Development (I-5)
- Community Investment (I-13)
- C-2 Annual Board Evaluation
- E-2 CEO Responsibilities
 - Water Outlook
 - Utilities Board Expectations for Customer Requests

Ms. Natalie Watts, Strategic Planning and Governance Manager, provided an update about constituent responses and explained how staff is addressing responses moving forward. Board Member Avila shared her appreciation to Springs Utilities staff for coordinating this effort.

Chair Williams explained that compliance reports are on the agenda by exception and asked if there were any questions. There were none.

6. Items Called Off Consent Calendar

There were none.

7. Utilities Policy Advisory Committee (UPAC) Cost Recovery Mechanisms Assignment Update

Mr. Larry Barrett, UPAC Chair, said the purpose of this assignment is to provide a recommendation to the Utilities Board on whether Springs Utilities should revise and/or establish new cost recovery policies. He explained the current cost recovery mechanisms for each service based on system extensions fees, existing capacity development charges, and future capacity resource fees.

Mr. Barrett reviewed the pillars for the assignment – each of which are grounded on financial stability and delivering quality services. He explained cost recovery alternatives, considerations, and stakeholder involvement. He said the goal of stakeholder involvement is to:

- Identify key stakeholders and customers for input.
- Educate and engage with customers in the development of the cost recovery mechanisms.
- Provide appropriate and constructive public input regularly to the Utilities Policy Advisory Committee (UPAC) and the Utilities Board for a decision by June 2023.

Mr. Barrett summarized presentations from stakeholders and concluded by reviewing a timeline for the remainder of the assignment.

8. Drake Visioning Group

Chair Williams provided background information on the closure of Martin Drake Power Plant. Dr. Pam Shockley-Zalabak, CommuniCon Inc. President, said the

Downtown Partnership and Legacy Institute created a visioning process for the future of the Martin Drake Power Plant site. She said the objectives for the project are:

- Develop vision and values to assist decision makers in planning future land use for the Drake Power Plant site.
- Learn from other decommissioning projects and communities.
- Develop possibilities for future planning.
- Validate vision and values through a comprehensive community input process.
- Provide broad recommendations for decision makers to consider.

Dr. Shockley-Zalabak reviewed the process, key findings for consideration from public input meetings, and general concerns regarding this project. She said based on this information, the revised values and guiding principles are people, design, environment and economics.

Dr. Shockley-Zalabak concluded with task force recommendations to guide decisions for this project, which are:

- Adopt the guiding principles and values of the task force to be upheld throughout the entire process, from visioning to execution.
- Ensure decisions about land use are consistent with other approved community-based plans.
- Include in some form and scale a world class attraction/recreation component.
- Aggressively pursue federal and state dollars as part of a diverse mix of funding sources.
- Integrate recommendations with the Colorado Springs Creek Plan making water an essential part of any plan.
- Include an innovative industry component (workplaces, retail/commercial, company headquarters, etc.).
- Create an ongoing community advisory group that includes broad representation from the task force, neighborhoods, business community, nonprofit sector and underrepresented communities.
- Utilize affordable housing tools and resources to incorporate a variety of inventive housing options.

Mr. Travas Deal, Acting Chief Executive Officer, said Springs Utilities is working on a community outreach process for the decommissioning of Drake. He also gave a timeline for decommissioning the plant.

Citizen comment:

Multiple members of the Mill Street Community requested involvement during the planning process for the future site of Drake.

Ms. Susan Bolduc shared her experience with Colorado Spring Faith Table regarding gentrification and community displacement and encouraged community involvement regarding the future site of Drake.

The Utilities Board took a break at 1:12 p.m. and returned at 1:25 p.m.

9. Electric Cost Adjustment (ECA)/Gas Cost Adjustment (GCA) Filing

Mr. Scott Shirola, Pricing and Rates Manager, reviewed natural gas prices as of Feb. 1, 2023. He discussed ECA and GCA projections for February 2023, as well as the five-year rate history. He concluded with seasonal residential bill impacts, sample total monthly bills and financial assistance programs for ratepayers.

Mr. Shirola explained that a decrease for electric and gas rates will be brought to the Feb. 28, 2023 City Council meeting. The Utilities Board agreed to place this item as regular utilities business.

10. Acquisition of Real Property to be Used for the Central Bluffs Substation Project

Ms. Jessica Davis, Information Technology Manager, said the Central Bluffs Substation Project will combine three aging substations into one. She said the benefits of this project include long-term operations and maintenance (O&M) savings, system reliability and safety upgrades. She said there are seven total properties that Springs Utilities is purchasing for the Central Bluffs Substation Project.

Ms. Davis reviewed details of the property acquisitions for two of the sites: 2914 Austin Bluffs Parkway and 2930 Austin Bluffs Parkway. She concluded with next steps, and the Utilities Board agreed to put this item on Consent at the March 14, 2023 City Council meeting.

11. Acquisition of An Easement to be Used for the Kelker to South Plant Transmission Project

Ms. Davis provided background information about the Kelker-South Plant Transmission Project, as well as property information pertaining to the project. She concluded with next steps, and the Utilities Board agreed to put this item on Consent at the March 14, 2023 City Council meeting.

Chair Williams thanked Ms. Davis and her team for their work on this project.

12. Wastewater Agreement with the City of Manitou Springs

Mr. Bill Bolch III, Key Account Manager, said the City of Manitou Springs provides wastewater collection services within the City through its Department of Public Works. He said Springs Utilities has provided wastewater treatment services through the Las Vegas Wastewater Treatment Plant for Manitou Springs since early 1970s.

Mr. Bolch explained changes/additions to the agreement and concluded with next steps. Chair Williams requested that moving forward, Springs Utilities provides more notice for expiring agreements that are brought to the Utilities Board.

The Utilities Board agreed to put this item on Consent at the Feb. 28, 2023 City Council meeting. Chair Williams directed Springs Utilities Staff to proactively bring future contracts before the Utilities Board prior to the expiration date.

13. Update on Regional Water Policy Committee

Ms. Bethany Burgess, Division Chief – Utilities, Office of the City Attorney, said upon final passage of the water extension ordinance, City Council expressed intent to form and/or participate in a regional water task force consisting of representatives from the City of Colorado Springs, Springs Utilities, El Paso County, and regional water providers to evaluate water demand and recommend water policy for the Pikes Peak area.

Ms. Burgess said Springs Utilities leadership has initiated discussions regarding a potential task force and the proposed goals for consideration by the Utilities Board for the task force include:

1. Compile readily available information to inform the current and future water needs of El Paso County including demands, supplies and gaps
2. Recommend further study to the various governmental entities who oversee water issues in El Paso County and
3. Develop a regional strategy based in facts and data to support water policy regarding water conservation, reuse and supply development among various governmental entities.

Ms. Burgess reviewed policy recommendations, memberships and other preliminary information regarding the task force. She concluded with next steps.

14. Executive Session

Ms. Burgess read the following language to enter Executive Session:

In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(b), (c), (e), (f), and (g) and Utilities Board Bylaw Rules 10(c)(2), (3), (5), (6), and (7), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session. The issue to be discussed involves conferences with the City Attorney's Office for the purpose of receiving legal advice on specific legal questions, matters required to be kept confidential by federal or state law or rules and regulations, developing strategy for negotiations and instructing negotiators, a personnel matter, and consideration of documents protected by the mandatory nondisclosure provisions of part 2 of article 72 of title 24 of the Colorado Revised Statutes, all involving the Chief Executive Officer position.

The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed

Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

Ms. Burgess called the roll and polled the Utilities Board. They voted 7 to 1 to enter Executive Session, with Board Member Murray opposed. They took a break at 2:19 p.m. They entered Executive Session at 2:30 p.m. and took a break at 3:30 p.m. They returned to Open Session at 3:40 p.m.

15. Chief Executive Officer Appointment

Vice Chair O'Malley made a motion to appoint Mr. Travas Deal as Chief Executive Officer and Board Member Donelson seconded the motion.

Chair Williams, Vice Chair O'Malley and Board Members Helms, Henjum, Avila, Strand, and Donelson expressed appreciation for staff's hard work during the CEO recruitment process. They also recognized and applauded Ms. Lisa Barbato and Mr. Deal as finalists.

The motion passed eight to one with Chair Williams, Vice Chair O'Malley and Board Members Helms, Henjum, Avila, Fortune, Strand, Donelson in favor, and Board Member Murray opposed.

Ms. Tracy Lessig, Deputy City Attorney, reviewed the CEO contract and said benefits and salary will be the same as the previous CEO.

Vice Chair O'Malley made a motion to approve the CEO contract and Board Member Strand seconded the motion. The motion passed unanimously.

16. Board Member Updates

Chair Williams read a resolution of appreciation for Ms. Burgess.

Board Member Avila expressed appreciation for Ms. Burgess and said her district town hall is March 8, 2023 at the Family Success Center.

Board Member Donelson gave a report out about his town hall.

Board Member Henjum advocated the importance of voting and how important the roles of City Council and Colorado Springs Utilities Board of Directors are.

17. Adjournment

The meeting adjourned at 4:13 p.m.

MINUTES
Colorado Springs Utilities Special Board Meeting
Friday, Feb. 24, 2023

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Wayne Williams, Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Nancy Henjum, Tom Strand, and Yolanda Avila

Utilities Board members excused: Bill Murray and Stephannie Fortune

Staff members present via Microsoft Teams or Blue River Conference Room: Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Jamie Fabos, Dave Padgett, Mike Myers, Natalie Watts, Dan Norton, Charles Cassidy, Joe Awad, Larry Dunn, Somer Meese, Nick Peters, Bryan Babcock, Melissa Brown, Erin Duran, and Andie Buhl

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Mayor John Suthers, Bethany Burgess, Alex Ryden, David Beckett, Tracy Lessig, and Jeff Greene

1. Call to Order and Remarks

Chair Wayne Williams called the special Utilities Board meeting to order at 12:01 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

Chair Williams welcomed guests and thanked them for attending this important event.

2. Swearing-in Ceremony

Chair Williams performed the swearing in ceremony of Mr. Travas Deal by reading the oath of office and Mr. Deal agreed to faithfully perform the duties of the office of Chief Executive Officer of Colorado Springs Utilities.

3. CEO Remarks

Mr. Deal thanked Mayor John Suthers, the Utilities Board, community members, and staff for their support over the last few months. He concluded with brief remarks.

4. Adjournment

The meeting adjourned at 12:11 p.m.

Board Memo Agenda Item

Staff Report

Date: March 22, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: President's Service Award Recognition

NARRATIVE:

Desired Action: Information

Executive Summary: To encourage and recognize outstanding volunteer service and inspire others to volunteer, the President's Council on Service and Civic Participation created the President's Volunteer Service Award in 2003. This Award honors those Americans who have made serving a central part of their life.

Thirty-two Colorado Springs Utilities employees earned the award for their volunteer commitment of more than 100 hours to one or more nonprofit organizations in 2022 (these are volunteer hours outside of the organization's Community Focus Fund volunteer projects).

Colorado Springs Utilities has ordered a certificate and a bronze, silver, or gold service pin for each of these employees.

Benefits: N/A

Board Policy: Community Investment I-13

Cost/Budget: N/A

Affected Parties: The entire community benefits from these hours of service.

Alternatives: N/A

Submitter: Kandy Drake

Email address: kdrake@csu.org

Division/ Department: Public Affairs Department –
Community Relations

Phone number: 719-668-7375

Date submitted: Feb. 28, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 5



Colorado Springs Utilities
It's how we're all connected

2022 President's Volunteer Service Award Recognition

Colorado Springs Utilities Board

March 22, 2023

Bronze Level Recipients:

Carley Bogus

Carrie Guy

Cesar Cisneros

Clint Barden

Dirk Lambert

Dusty Smith

Heather Barbare

Imelda Ruiz

Jim Bagby

Kele Kaono

Kelley Edwards

Kelly Roesch

Michelle Wills-Hill

Michiele Stapleton

Pattie Benger

Qaz Ingham

Sean Sant

Shaun Guilfoil

Stephen Graham

Tammy Rahaim

Tricia Timmons-

Malsam

Wendy Asay



Silver Level Recipients:

Becki Cadis

Charles Harms

Heather Evans

Ken Rubel

Kevin Shrewsbury

Sherri Svendgard

Tyrone Johnson



Gold Level Recipients:

Doug Bursnall
Kevin Weiner
Ricardo Renteria



**We thank
you for
your
service!**





Colorado Springs Utilities[®]

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Board Memo Agenda Item

Staff Report

Date: March 22, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Resolution of Appreciation for Utilities Board Member Stephanie Fortune

NARRATIVE:

Desired Action: Approval

Executive Summary: This resolution is to express appreciation and recognize the contributions of Utilities Board Member Stephanie Fortune during her term of service from 2022-2023.

Benefits: N/A

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: N/A

Alternatives: N/A

Submitter: Renee Adams	Email address: radams@csu.org
Division/ Department: Human Resources and Administration Division	Phone number: 719-668-8776
	Date submitted: Feb. 28, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	ITEM NO. 5
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**A RESOLUTION OF THE COLORADO SPRINGS
UTILITIES BOARD EXPRESSING APPRECIATION
TO STEPHANNIE FORTUNE FOR HER SERVICE TO
THE COLORADO SPRINGS UTILITIES BOARD**

WHEREAS, Stephannie Fortune has been a valuable member of the Utilities Board for the last year and

WHEREAS, Ms. Fortune served on the Strategic Planning Committee

WHEREAS, Ms. Fortune has consistently provided excellent leadership, dedicating countless hours as a valuable member of the Utilities Board and;

WHEREAS, Ms. Fortune has invested time in understanding Colorado Springs Utilities' projects, plans and initiatives, participated in many tours and dutifully attended additional meetings to review data and provide valuable recommendations; and

WHEREAS, Ms. Fortune has demonstrated a true commitment to the customers of Colorado Springs Utilities by her leadership and participation in the selection of our recently-appointed Chief Executive Officer; and

WHEREAS, Ms. Fortune has demonstrated energy, passion and dedication in carrying out her responsibilities as a Utilities Board Member, having a positive impact on the future of our community.

NOW, THEREFORE, BE IT RESOLVED BY THE COLORADO SPRINGS UTILITIES BOARD:

That the Utilities Board extends its appreciation to Stephannie Fortune for her outstanding service.

Dated at Colorado Springs, Colorado this 22nd Day of March 2023.

By:

Wayne Williams, Utilities Board Chair

ATTEST:

Travas Deal, Chief Executive Officer

Board Memo Agenda Item

Staff Report

Date: March 22, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Resolution of Appreciation for Utilities Board Member Bill Murray

NARRATIVE:

Desired Action: Approval

Executive Summary: This resolution is to express appreciation and recognize the contributions of Utilities Board Member Bill Murray during his term of service from 2015-2023.

Benefits: N/A

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: N/A

Alternatives: N/A

Submitter: Renee Adams	Email address: radams@csu.org
Division/ Department: Human Resources and Administration Division	Phone number: 719-668-8776
	Date submitted: Feb. 28, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	ITEM NO. 5
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**A RESOLUTION OF THE COLORADO SPRINGS
UTILITIES BOARD EXPRESSING APPRECIATION
TO BILL MURRAY FOR HIS SERVICE TO
THE COLORADO SPRINGS UTILITIES BOARD**

- WHEREAS,** Bill Murray has been a valuable member of the Utilities Board for eight years; and
- WHEREAS,** Mr. Murray served on every Utilities Board Committee including: Strategic Planning Committee, Finance Committee, Personnel Committee, Economic Development Subcommittee and Program Management Review Committee; and
- WHEREAS,** Mr. Murray has consistently provided excellent leadership, dedicating countless hours as a valuable member of the Utilities Board; and
- WHEREAS,** Mr. Murray has invested time in understanding Colorado Springs Utilities' projects, plans and initiatives over the years, including the 2016 Governance Process and Governance Structure Review and the 2020 Electric and Gas Integrated Resource Plans, participated in dozens of tours and dutifully attended additional meetings to review data and provide valuable recommendations; and
- WHEREAS,** Mr. Murray has demonstrated a true commitment to the customers of Colorado Springs Utilities by his leadership and participation in the selection of two Chief Executive Officers; and
- WHEREAS,** Mr. Murray has demonstrated energy, passion and dedication in carrying out his responsibilities as a Utilities Board Member, having a positive impact on the future of our community.

NOW, THEREFORE, BE IT RESOLVED BY THE COLORADO SPRINGS UTILITIES BOARD:

That the Utilities Board extends its appreciation to Bill Murray for his outstanding service.

Dated at Colorado Springs, Colorado this 22nd Day of March 2023.

By:

Wayne Williams, Utilities Board Chair

ATTEST:

Travas Deal, Chief Executive Officer

Board Memo Agenda Item

Staff Report

Date: March 22, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Resolution of Appreciation for Utilities Board Member Tom Strand

NARRATIVE:

Desired Action: Approval

Executive Summary: This resolution is to express appreciation and recognize the contributions of Utilities Board Member Tom Strand during his term of service from 2015-2023.

Benefits: N/A

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: N/A

Alternatives: N/A

Submitter: Renee Adams

Email address: radams@csu.org

Division/ Department: Human Resources and Administration Division

Phone number: 719-668-8776

Date submitted: Feb. 28, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 5

**A RESOLUTION OF THE COLORADO SPRINGS
UTILITIES BOARD EXPRESSING APPRECIATION
TO TOM STRAND FOR HIS SERVICE TO
THE COLORADO SPRINGS UTILITIES BOARD**

- WHEREAS,** Tom Strand has been a valuable member of the Utilities Board for eight years; and
- WHEREAS,** Mr. Strand served on the Finance Committee, Personnel Committee and served as the Chair of the Program Management Review Committee;
- WHEREAS,** Mr. Strand has consistently provided excellent leadership, dedicating countless hours as a valuable member of the Utilities Board, including serving as the Utilities Board Chair for two years; and
- WHEREAS,** Mr. Strand has invested time in understanding Colorado Springs Utilities' projects, plans and initiatives over the years, including the 2016 Governance Process and Governance Structure Review and the 2020 Electric and Gas Integrated Resource Plans, participated in many tours and dutifully attended additional meetings to review data and provide valuable recommendations; and
- WHEREAS,** Mr. Strand has demonstrated a true commitment to the customers of Colorado Springs Utilities by his leadership and participation in the selection of two Chief Executive Officers; and
- WHEREAS,** Mr. Strand has demonstrated energy, passion and dedication in carrying out his responsibilities as a Utilities Board Member, having a positive impact on the future of our community.

NOW, THEREFORE, BE IT RESOLVED BY THE COLORADO SPRINGS UTILITIES BOARD:

That the Utilities Board extends its appreciation to Tom Strand for his outstanding service.

Dated at Colorado Springs, Colorado this 22nd Day of March 2023.

By:

Wayne Williams, Utilities Board Chair

ATTEST:

Travas Deal, Chief Executive Officer

Board Memo Agenda Item

Staff Report

Date: March 22, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Resolution of Appreciation for Utilities Board Member Wayne Williams

NARRATIVE:

Desired Action: Approval

Executive Summary: This resolution is to express appreciation and recognize the contributions of Utilities Board Chair Wayne Williams during his term of service on the Utilities Board from 2019-2023.

Benefits: N/A

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: N/A

Alternatives: N/A

Submitter: Renee Adams	Email address: radams@csu.org
Division/ Department: Human Resources and Administration Division	Phone number: 719-668-8776
	Date submitted: Feb. 28, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	ITEM NO. 5
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**A RESOLUTION OF THE COLORADO SPRINGS
UTILITIES BOARD EXPRESSING APPRECIATION
TO WAYNE WILLIAMS FOR HIS SERVICE TO
THE COLORADO SPRINGS UTILITIES BOARD**

- WHEREAS,** Wayne Williams has been a valuable member of the Utilities Board for four years, serving as Chair for the last two years; and
- WHEREAS,** Mr. Williams served on the Strategic Planning Committee, Personnel Committee, and chaired the Economic Development Subcommittee; and
- WHEREAS,** Mr. Williams has consistently provided excellent leadership, dedicating countless hours as a valuable member of the Utilities Board and;
- WHEREAS,** Mr. Williams has invested time in understanding Colorado Springs Utilities' projects, plans and initiatives over the years, including the 2020 Electric and Gas Integrated Resource Plans, participated in many and dutifully attended additional meetings to review data and provide valuable recommendations; and
- WHEREAS,** Mr. Williams has demonstrated a true commitment to the customers of Colorado Springs Utilities by his leadership and participation in the selection of our recently-appointed Chief Executive Officer; and
- WHEREAS,** Mr. Williams has demonstrated energy, passion and dedication in carrying out his responsibilities as a Utilities Board Member, having a positive impact on the future of our community.

NOW, THEREFORE, BE IT RESOLVED BY THE COLORADO SPRINGS UTILITIES BOARD:

That the Utilities Board extends its appreciation to Wayne Williams for his outstanding service.

Dated at Colorado Springs, Colorado this 22nd Day of March 2023.

By:

Mike O'Malley, Utilities Board Vice Chair

ATTEST:

Travas Deal, Chief Executive Officer



Date: March 22, 2023
To: Utilities Board
From: Chief Executive Officer
Subject: Excellence in Governance - Utilities Board Expected Results (ER: 1-3) Year-end 2022
Desired Action: Monitoring
Compliance: 3.24 = Meets Expectations

EXPECTATIONS			
Category:	Utilities Board/Chief Executive Officer Partnership Expectations	Reporting Timeframe:	As of December 31, 2022
Policy Title (Number):	Utilities Board Expected Results Balanced Scorecard (ER: 1-3)	Reviewing Committee:	Strategic Planning, Personnel
Monitoring Type:	Internal		
Monitoring Frequency:	Semi-annually		

The Utilities Board monitors organizational achievements through the Balanced Scorecard. Measures and targets are approved each December for the following year.

- Strategic initiatives and CEO competencies are not included, due to the retirement of the previous CEO.
 - The Utilities Board members approved this change at their Feb. 22, 2023 meeting.
- The overall result for the 2022 enterprise balanced scorecard is 3.24 meets expectations.

The overall rating is based on the scale below.

1 Does Not Meet Expectations	2 Partially Meets Expectations	3 Meets Expectations	4 Exceeds Expectations	5 Far Exceeds Expectations
<2.00	2.00 - 2.99	3.00 - 3.74	3.75 - 4.49	>4.49

The Board Expected Results rating is derived from the results outlined below.

AWAITING VERIFICATION

2022 Colorado Springs Utilities Board Expected Results

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

Year-end 2022

Perspective	Strategic Objective	Objective Status	Performance Measure	Current Result	Measure Status
Customer/Stakeholder	C1 Focus on the Customer	2	C1a Residential Customer Satisfaction	1.66	2
			C1b Business Customer Satisfaction	2.74	3
	C2 Provide Safe, Resilient and Quality Utility Services	4	C2a Electric System Average Interruption Duration Index (SAIDI)	36.27	5
			C2b Failures per 100 Miles of Natural Gas Pipe	3.16	4
			C2d Failures per 100 Miles of Water Pipe	12.47	2
			C2e Failures per 100 Miles of Wastewater Pipe	0.49	4
	C3 Support the Community	3	C3a Infrastructure Coordination with City	1.00	3
Financial Stewardship	FS1 Keep Bills Competitive	3	FS1a Residential Electric Service - Front Range Comparison	-1.46%	3
			FS1b Residential Natural Gas Service - Front Range Comparison	13.37%	1
			FS1c Residential Water Service - Front Range Comparison	14.10%	5
			FS1d Residential Wastewater Service - Front Range Comparison	-12.21%	5
			FS1e Small Commercial 4 Service Bill - Front Range Comparison	12.94%	1
			FS1f Large Commercial/Industrial 4 Service Bill - Front Range Comparison	13.19%	1
			FS1g Industrial Electric-Intensive Customer Bill-Front Range Comparison	-4.55%	1
	FS2 Build Financial Strength	4	FS2a Days Cash on Hand - Current Year*	151	3
			FS2b Days Cash on Hand - 3 Year Average*	170	4
			FS2c Adjusted Debt Service Coverage - Current Year*	2.21	5
			FS2d Adjusted Debt Service Coverage - 3 Year Average*	1.95	4
			FS2e Debt Ratio - Current Year*	50.2%	3
			FS2f Debt Ratio - 3 Year Average*	52.4%	3
			FS2g Bond Rating	Standard & Poors: AA+ Moody's Investors Service: Aa2 Fitch Ratings : AA	4
			Internal Process	P2 Plan, Build, and Maintain Assets and Infrastructure	3
P2b Gas Distribution Integrity Management Program Construction and Operations Implementation	3.7	3			
Foundational	F1 Attract, Develop and Retain an Engaged and Customer Focused Workforce	4	F1a Workforce Index	3.88	4
	F2 Ensure Employee, Contractor and Public Safety	5	F2a Safety: Occupational Injuries and Illnesses Rate	50% Below Benchmark	5
	F3 Demonstrate Environmental Stewardship	3	F3a Environmental Index	80	4
				Overall Score:	3.24

As of: 12/31/2022

*Results for Days Cash on Hand, Adjusted Debt Service Coverage and Debt Ratio, both current year and 3 year average, are preliminary, pending the completion of the year-end audit.

2 C1a Customer Satisfaction - Residential

Measure Status: Partially Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Focus on the Customer

Reported as: Numerical rating to two decimals - Composite Score

Target range: 2.50 – 3.49 (composite score)

MEASURE PERFORMANCE

The year-end of 2022 result is 1.68.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

The overall Customer Satisfaction – Residential Measure is comprised of four components:

1. National Survey – Satisfaction Rank – JD Power 20%
2. National Survey – Satisfaction Improvement – JD Power 20%
3. National Survey – Customer Effort Index – Cogent 40%
4. In-house customer survey index 20%

- The J.D. Power and Associates Residential Customer Satisfaction result for year ending 2022 declined in rank to 116th in overall customer satisfaction among the 145 qualifying, participating utilities nationally. This is an industry rank of 80 percent compared to 45 percent for the same period in 2021 resulting in an index score of 1.0 on five-point scale and twenty percent of the overall index.
- The J.D. Power and Associates Overall Customer Satisfaction Index score decreased fifty points, from 756 (on a 1,000-point scale) to 706 for an index score of 1.0 on a five-point scale and twenty percent of the overall index.
- The Escalent’s Cogent Study Customer Effort Index results for the year ending 2022 declined twenty-five points from 726 (on a 1,000-point scale) to 701 for an index score of 1.0 on a five-point scale and forty percent of the overall index.
- The in-house survey index is 8.63 (on a 1 to 10 scale) for transactional surveys captured April through December on transactions completed in Service Center phone interactions and Field Service appointments for an index score of 4.4 on a five-point scale and twenty percent of the overall index.

Total Score: $(1.0 \times .2) + (1.0 \times .2) + (1.0 \times .4) + (4.4 \times .2) = 1.68 = \text{Partially Meets Expectations}$

MEASURE DESCRIPTION

Strategic Objective Supported: Focus on the Customer

Reported as: Numerical rating to two decimals - Composite Score

Target range: 2.50 – 3.49 (composite score)

MEASURE PERFORMANCE

The year-end of 2022 result is 2.74.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

The overall Customer Satisfaction – Business Measure is comprised of four components:

1. National Survey – Satisfaction Rank – JD Power 20%
2. National Survey – Satisfaction Improvement – JD Power 20%
3. National Survey – Customer Effort Index – Cogent 40%
4. In-house customer survey index 20%

- The J.D. Power and Associates Business Customer Satisfaction result for the year ending 2022 increased in rank to 47th in overall customer satisfaction among the 79 qualifying, participating utilities nationally. This is an industry rank of 58 percent compared to 83 percent for the same period in 2021 resulting in an index score of 1.0 on five-point scale and twenty percent of the overall index.
- The J.D. Power and Associates Overall Customer Satisfaction Index score increased thirteen points, from 758 (on a 1,000-point scale) to 771 for an index score of 2.5 on a five-point scale and twenty percent of the overall index.
- The Escalent's Cogent Study Customer Effort Index result for the year ending 2022 decreased 68 points from 804 (on a 1,000-point scale) to 736 for an index score of 1.0 on a five-point scale and forty percent of the overall index.
- The in-house survey index is 8.8* (on a 1 to 10 scale) for transactional surveys captured April through December on transactions completed in Service Center phone interactions for an index score of 4.5 on a five-point scale and twenty percent of the overall index.

*Sample size is low for Business measure.

Total Score: $(1.0 \times .2) + (2.5 \times .2) + (1.0 \times .4) + (4.5 \times .2) = 2.74 = \text{Meets Expectations}$

5 C2a Electric System Average Interruption Duration Index (SAIDI)

Measure Status: Far Exceeds Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Provide Safe, Resilient and Quality Utility Services

Reported as: 12 month rolling average

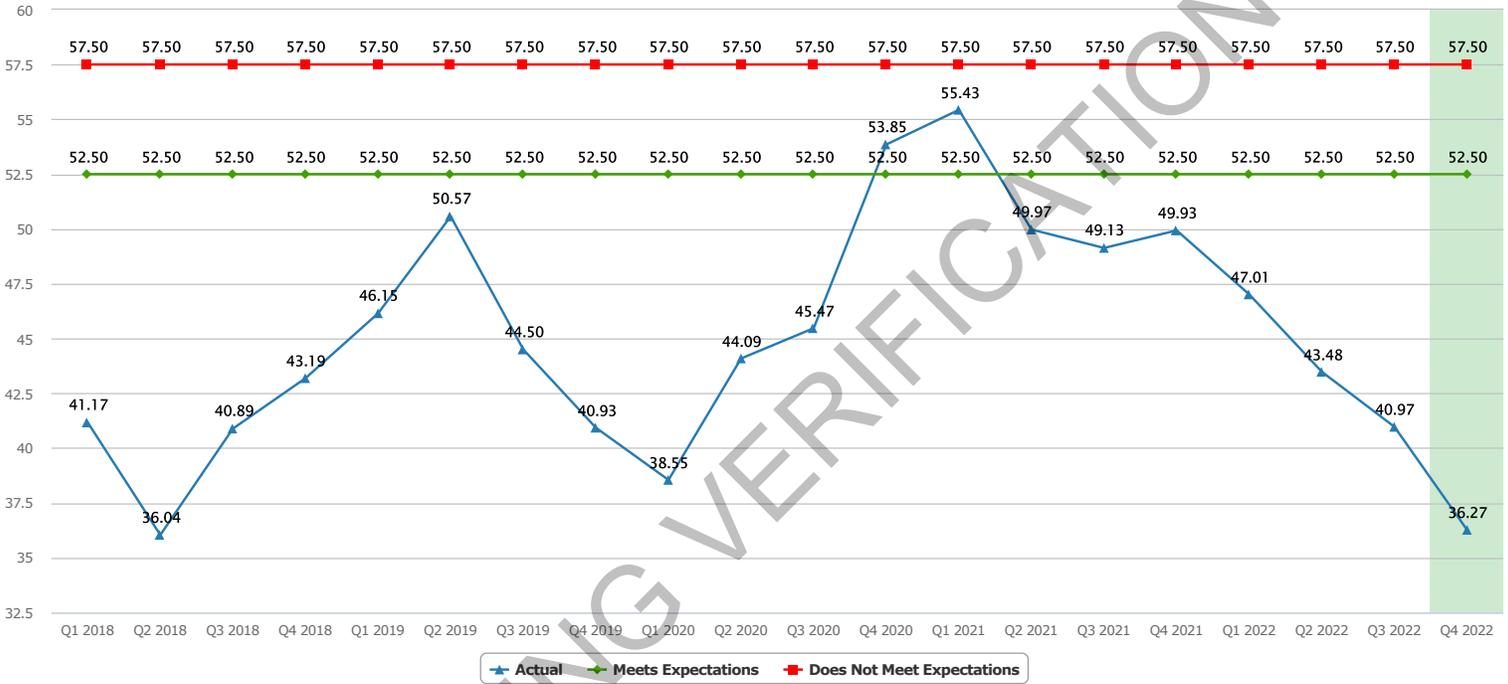
Target range: 52.50 – 47.51 (minutes interruption per customer per year)

MEASURE PERFORMANCE

The year-end 2022 result is 36.27 minutes.

MEASURE CHART(S)

Electric System Average Interruption Duration Index (SAIDI)
In Minutes per Customer - Lower is Better



PERFORMANCE ANALYSIS

- There were 299 sustained outages in the fourth quarter of 2022.
- There were 1,188 sustained outages from January 2022 through December 2022. This includes the outages that occurred on the Major Event Day (MEDs) 5/21/2022.
- Excluding the MEDs, there were 1048 sustained outages from January 2022 through December 2022.
- According to the 2022 Institute of Electrical and Electronics Engineers (IEEE) Reliability Benchmark Survey (2021 data), Colorado Springs Utilities ranked fifth out of 74 survey participants for SAIDI performance.

4 C2b Failures per 100 Miles of Natural Gas Pipe

Measure Status: Exceeds Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Provide Safe, Resilient and Quality Services

Reported as: 12 month rolling average

Target range: 6.00 – 4.00 (failure per 100 miles of pipe)

MEASURE PERFORMANCE

The year-end 2022 result is 3.16 failures per 100 miles of pipe.

MEASURE CHART(S)

Failures per 100 Miles of Natural Gas Pipe
Number of Failures - Lower is Better



PERFORMANCE ANALYSIS

- There were a total of 179 failures on 5,666 miles of pipe in 2022.

2 C2c Failures per 100 Miles of Water Pipe

Measure Status: Partially Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Provide Safe, Resilient and Quality Services

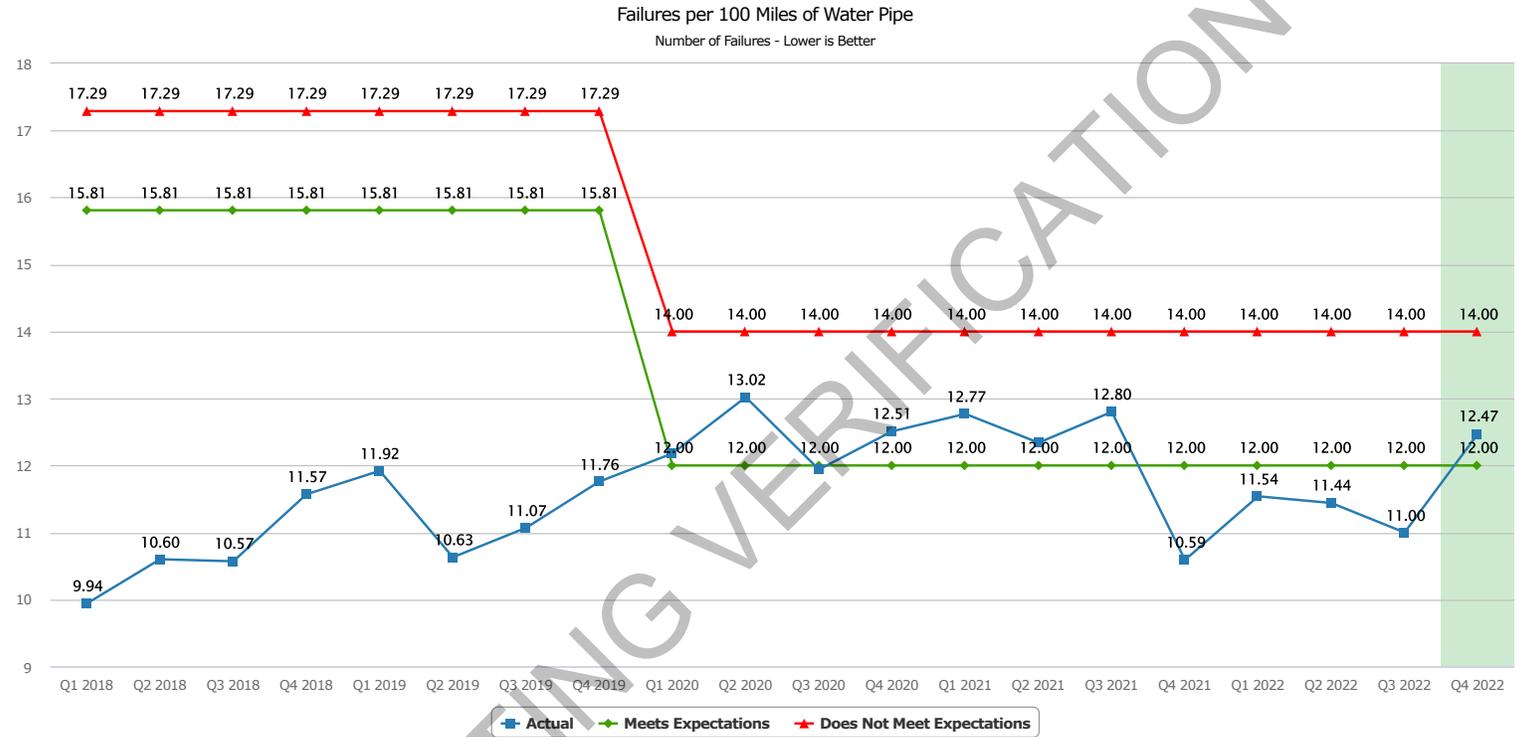
Reported as: 12 month rolling average

Target Range: 12.00 – 10.00 (failures per 100 miles of pipe)

MEASURE PERFORMANCE

The year-end 2022 result is 12.47 failures per 100 miles of pipe.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- There were a total of 281 failures on 2,253 miles of pipe in 2022. One hundred fifty six of the failures were main breaks, 101 were main leaks, and 24 were valve leaks.
- A detailed analysis by System Planning and Projects Division shows that, at current funding levels for the capital program that addresses water main replacement, cathodic protection, and lining of water mains, a minimal increase in water main failures is expected over the next 5 years.
- The capital program prioritizes addressing high risk water mains, minimizing leaks under new pavement, and aligning with the City's paving initiative.

MEASURE DESCRIPTION

Strategic Objective Supported: Provide Safe, Resilient and Quality Services

Reported as: 12 month rolling average

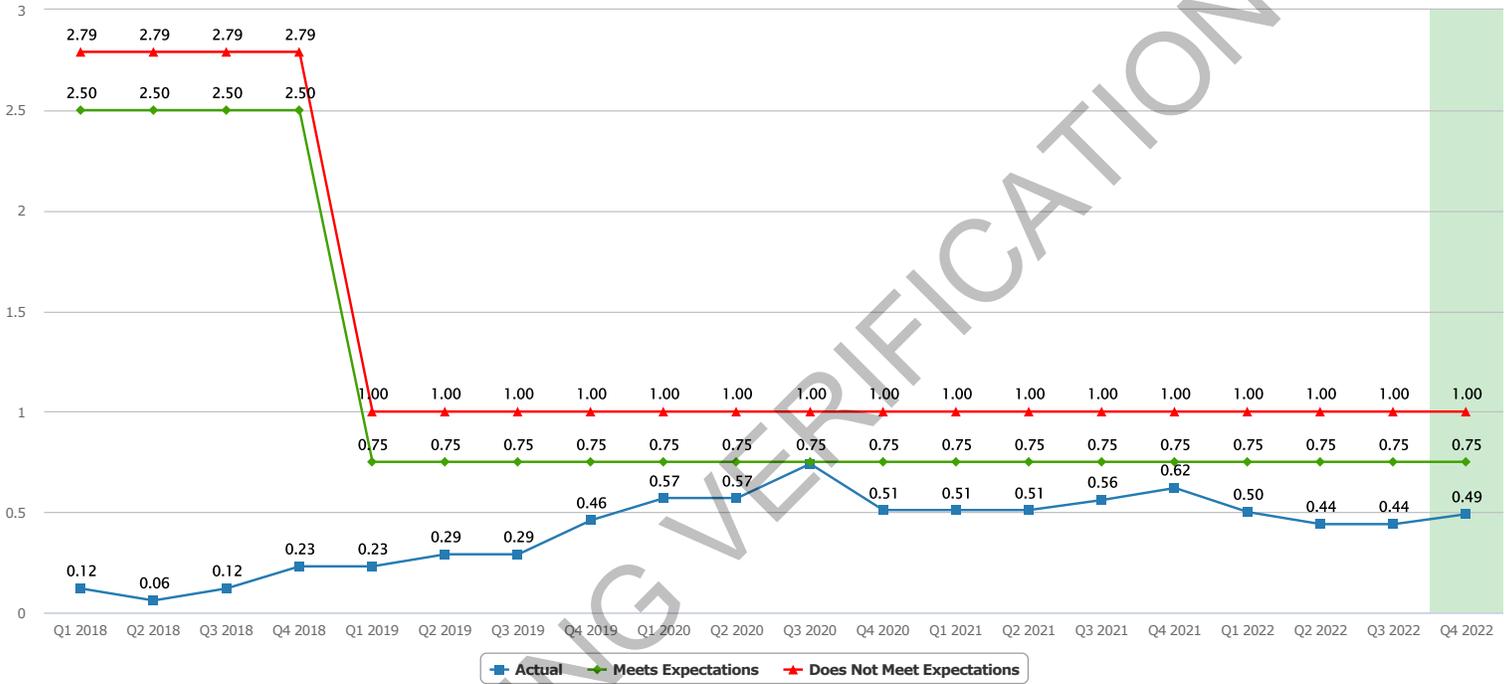
Target Range: 0.75 - 0.51 (failures per 100 miles of pipe)

MEASURE PERFORMANCE

The year-end 2022 result is 0.49 failures per 100 miles of pipe.

MEASURE CHART(S)

Failures per 100 Miles of Wastewater Pipe
Number of Failures - Lower is Better



PERFORMANCE ANALYSIS

- There were three failure events in Q4 2022. These events were the result of blockages in the collection system. None of these events resulted in reportable Sanitary Sewer Overflows (SSOs).
- For 2022 there were 9 failure events in the wastewater collection system. Of these, six were caused by blockages in the system and only one resulted in a reportable release.
- There was one reportable SSO in Q2 and one in Q3 that were not counted in the measure as the cause was determined to be from a collection of debris from an unknown third party (or parties).

3 C3a Infrastructure Coordination with City

Measure Status: Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Support the Community

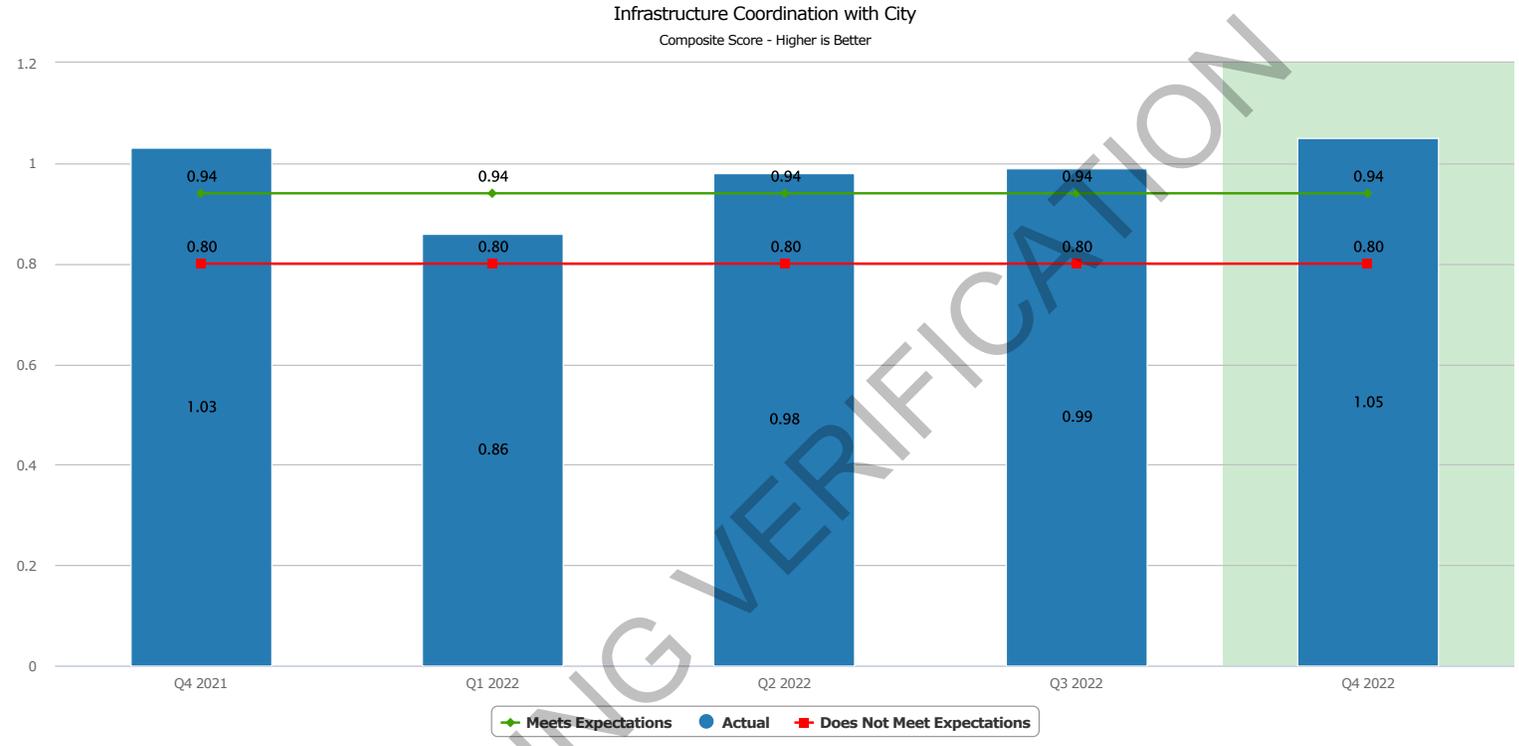
Reported as: Cumulative Year-to-Date

Target Range: 0.94 - 1.06 (composite score)

MEASURE PERFORMANCE

The year-end 2022 result is 1.05.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The forecasted cumulative spend through Q4 2022 was \$27 million with an actual cumulative spend of \$27.5 million.
- Through Q4 2022, the Finished Water Linear Asset Program (FWLAP) had 160 projects planned and 172 completed; the Sanitary Sewer Creek Crossing (SSCC) Program had two projects planned and completed; the Public Improvements Program (PIP) had four projects planned for completion in partnership with the City in 2022 with two completed and two continuing into 2023.
- During Q4 2022, no previously paved 2C city streets, under the five-year moratorium, were cut for planned Springs Utilities projects.

3 FS1a Residential Electric Service - Front Range Comparison

Measure Status: Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

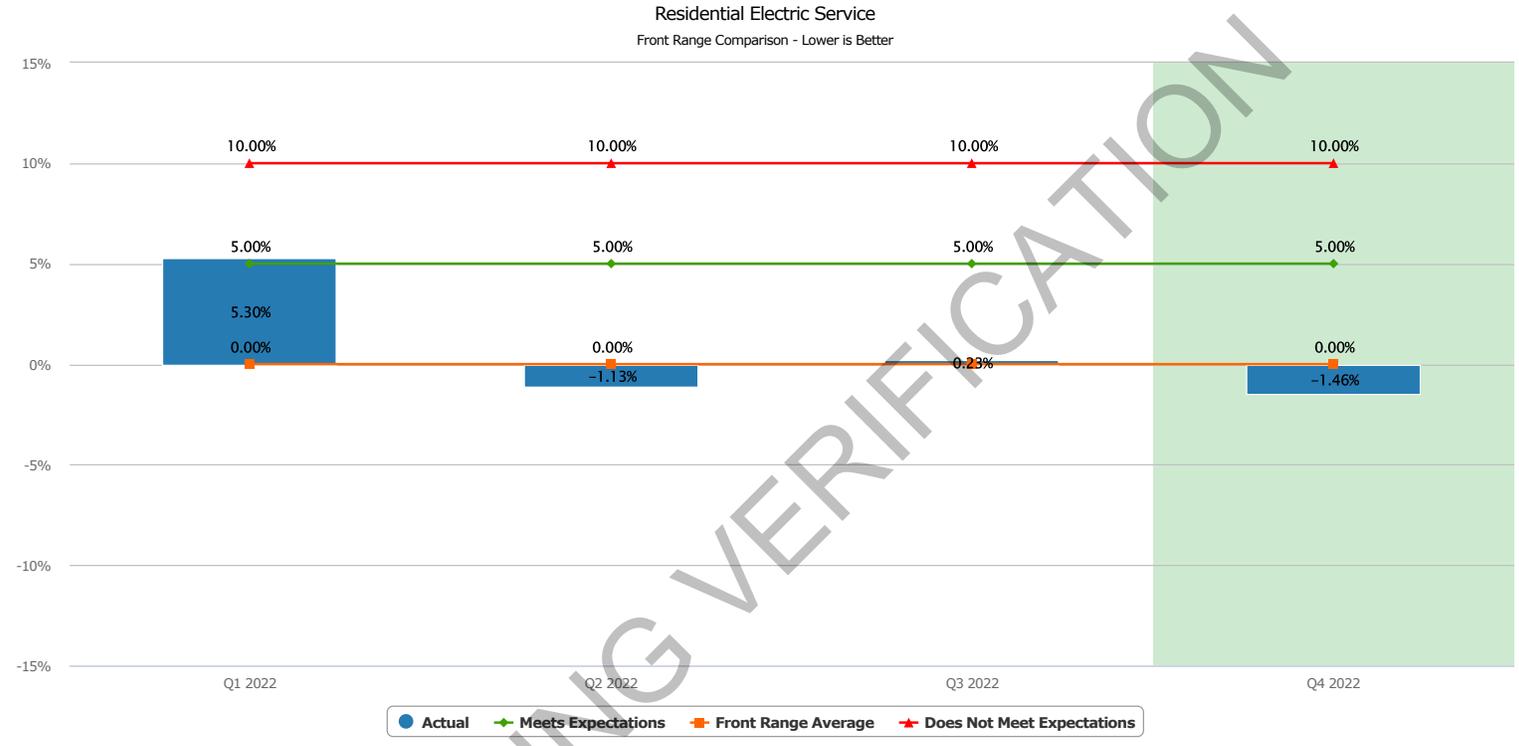
Reported as: Average natural gas bill

Target Range: +/- 5% of Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 1.46% below Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- January and July electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- The most recent rate computations have been estimated using tariffs rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

Reported as: Average bill

Target Range: +/- 5.0% of Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 13.37% above Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The most recent rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.
- The result for this measure is primarily due to the differences in fuel cost recovery (GCA).
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame.
- The gas service bill comparison had lower results, compared to electric, because fuel comprises a higher percentage of the overall bill.

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

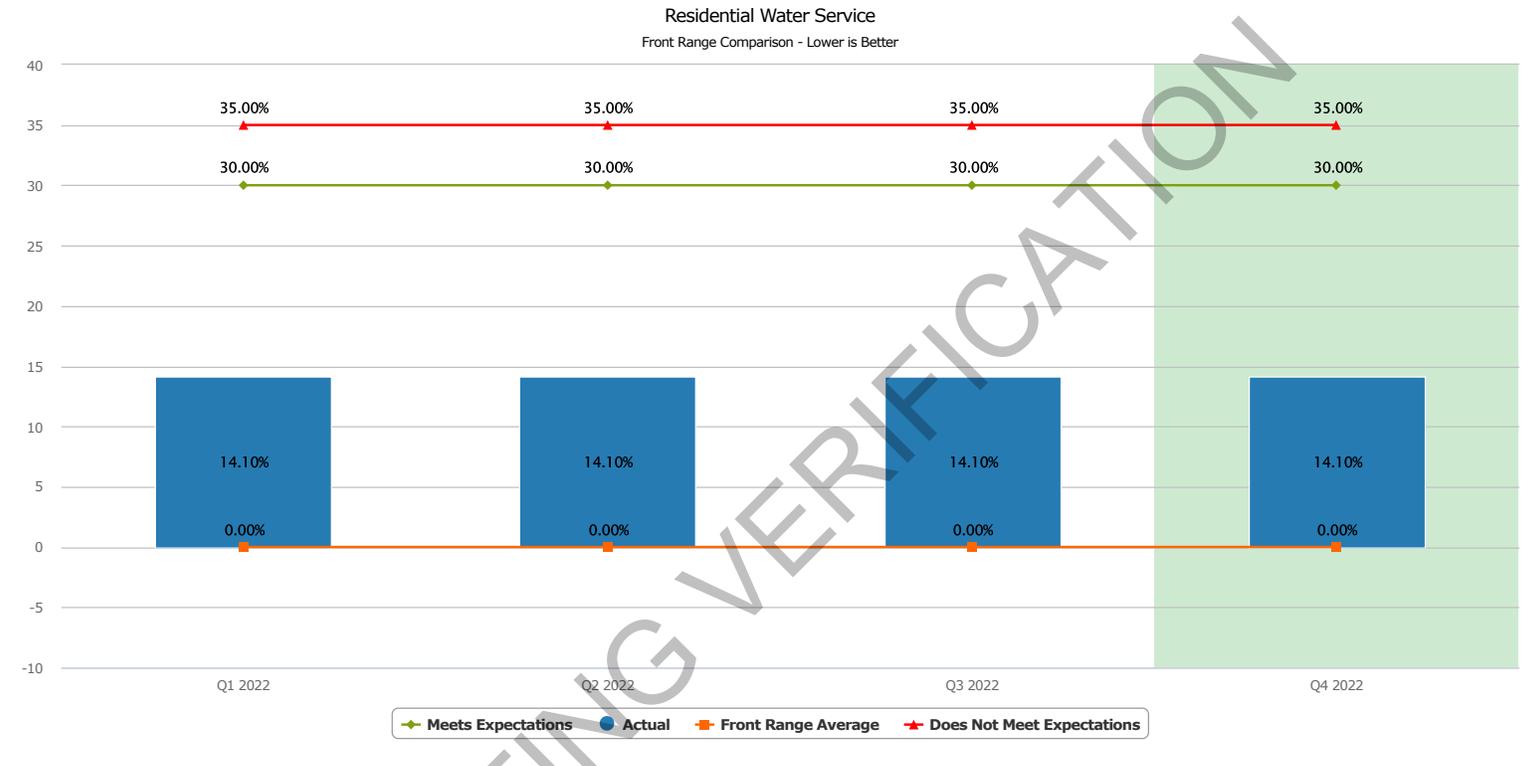
Reported as: Average bill

Target Range: 20.1 - 30.0% higher than Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 14.10% above Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

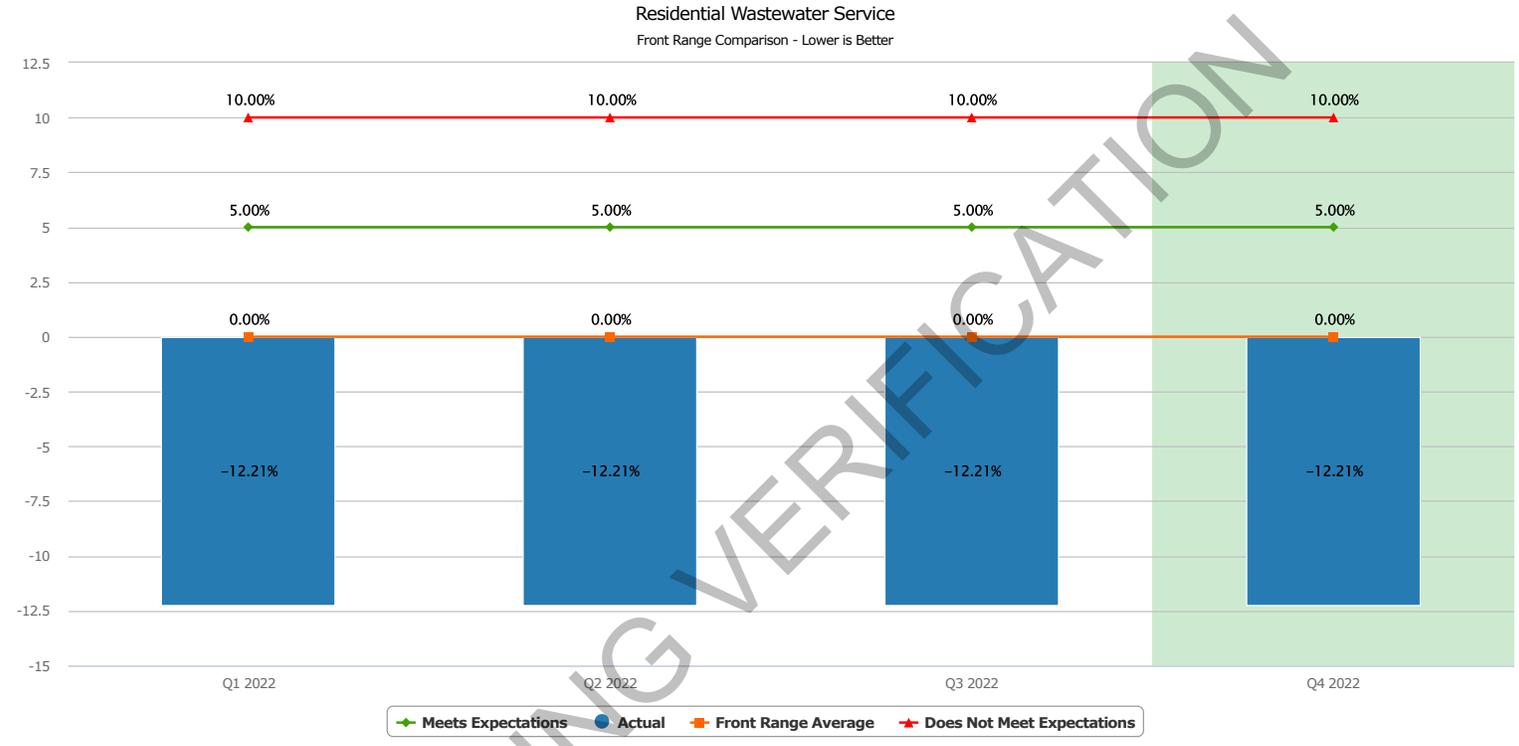
Reported as: Average bill

Target Range: +/- 5.0% of Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 12.21% below Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

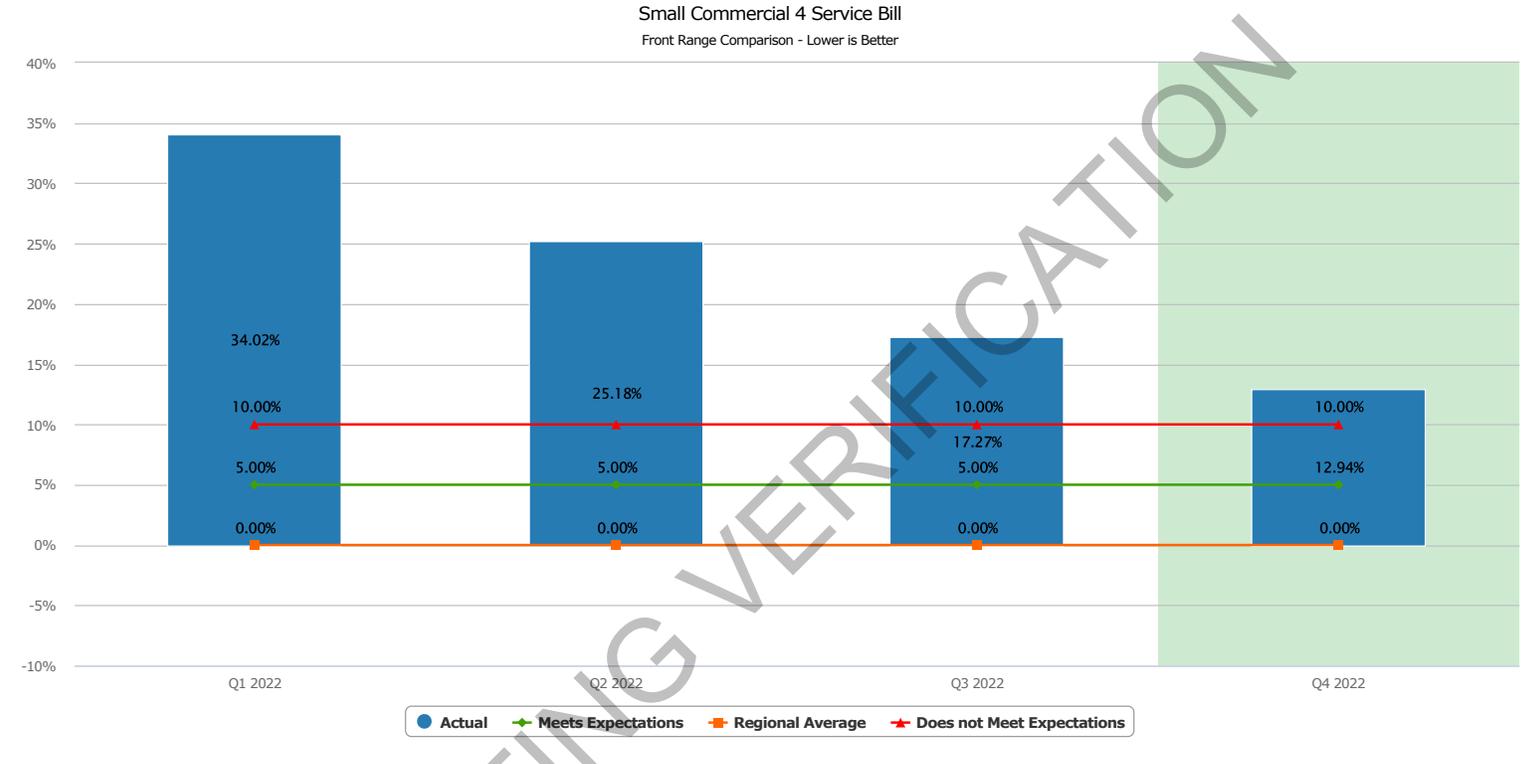
Reported as: Average combined bill

Target Range: +/- 5.0% of Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 12.94% above Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- January and July electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- The most recent rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.
- The result for this measure is primarily due to differences in fuel cost recovery (ECA).
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame.

1 FS1f Large Commercial/Industrial 4 Service Bill - Front Range Comparison

Measure Status: Does Not Meet Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

Reported as: Average combined bill

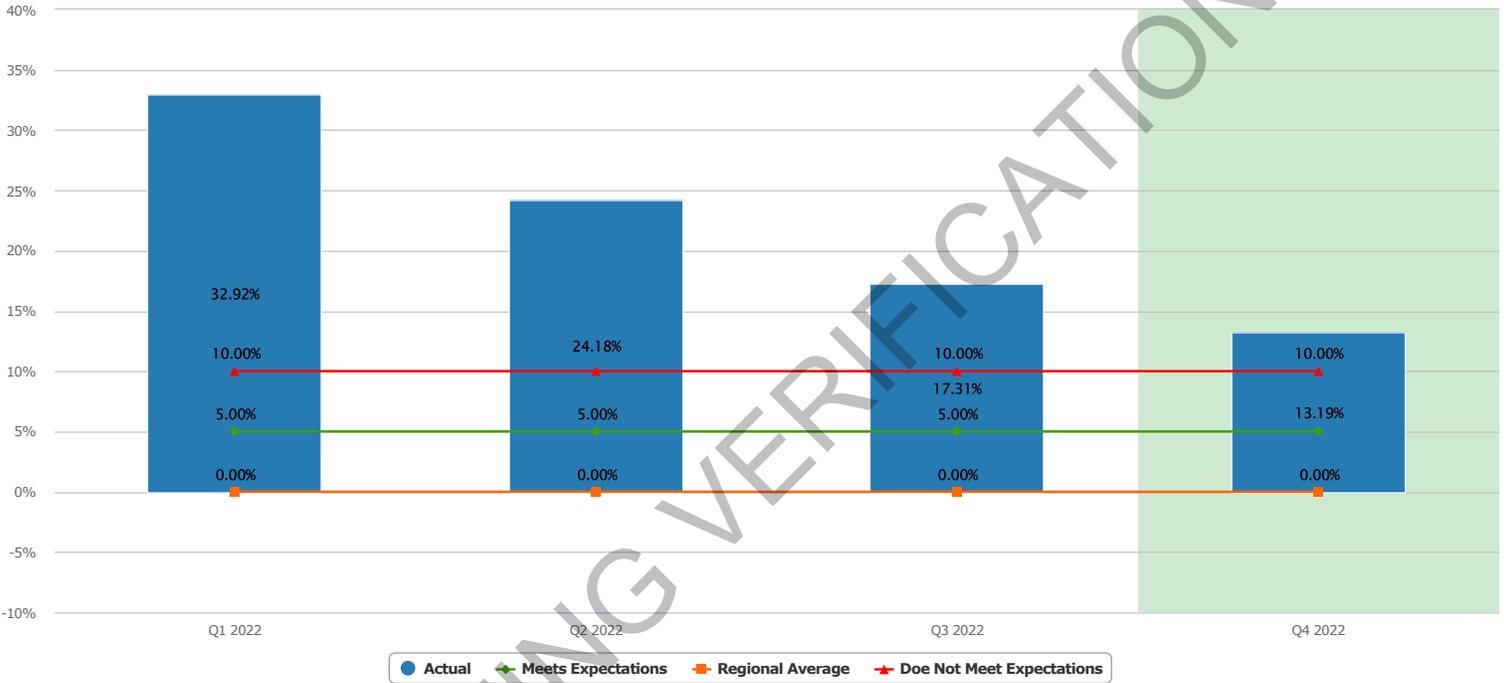
Target Range: +/- 5.0% of Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 13.19% above Front Range average.

MEASURE CHART(S)

Large Commercial/Industrial 4 Service Bill
Front Range Comparison - Lower is Better



PERFORMANCE ANALYSIS

- January and July electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- The most recent rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.
- The result for this measure is primarily due to differences in fuel cost recovery (ECA).
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame.

1 FS1g Industrial Electric-Intensive Customer Bill - Front Range Comparison

Measure Status: Does Not Meet Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

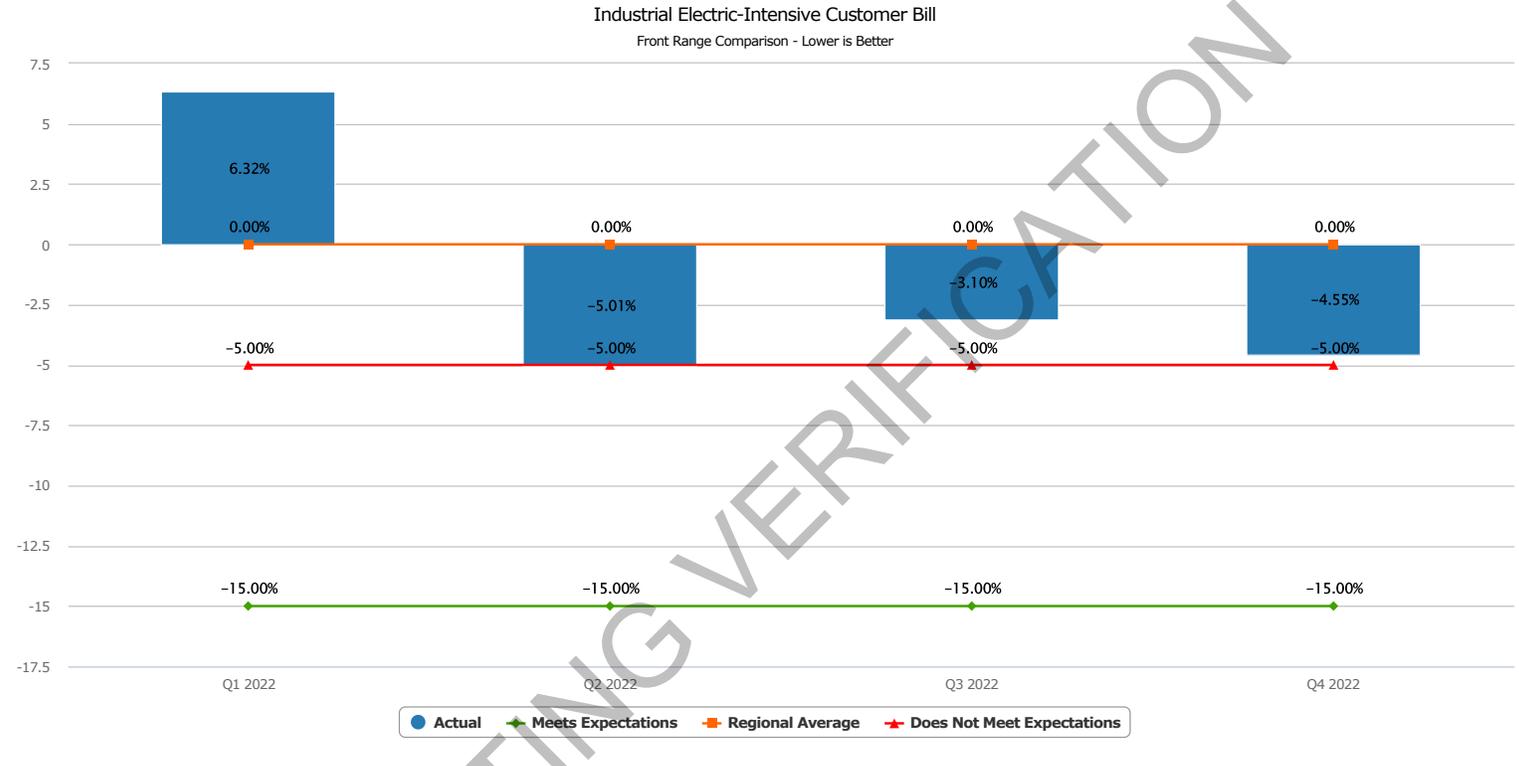
Reported as: Average electric bill

Target Range: 10.0 to 15.0% lower than Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 4.55% below the Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- January and July electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- The most recent rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.
- The result for this measure is primarily due to differences in fuel cost recovery (ECA).
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame.

3 FS2a Days Cash on Hand - Current Year

Measure Status: Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

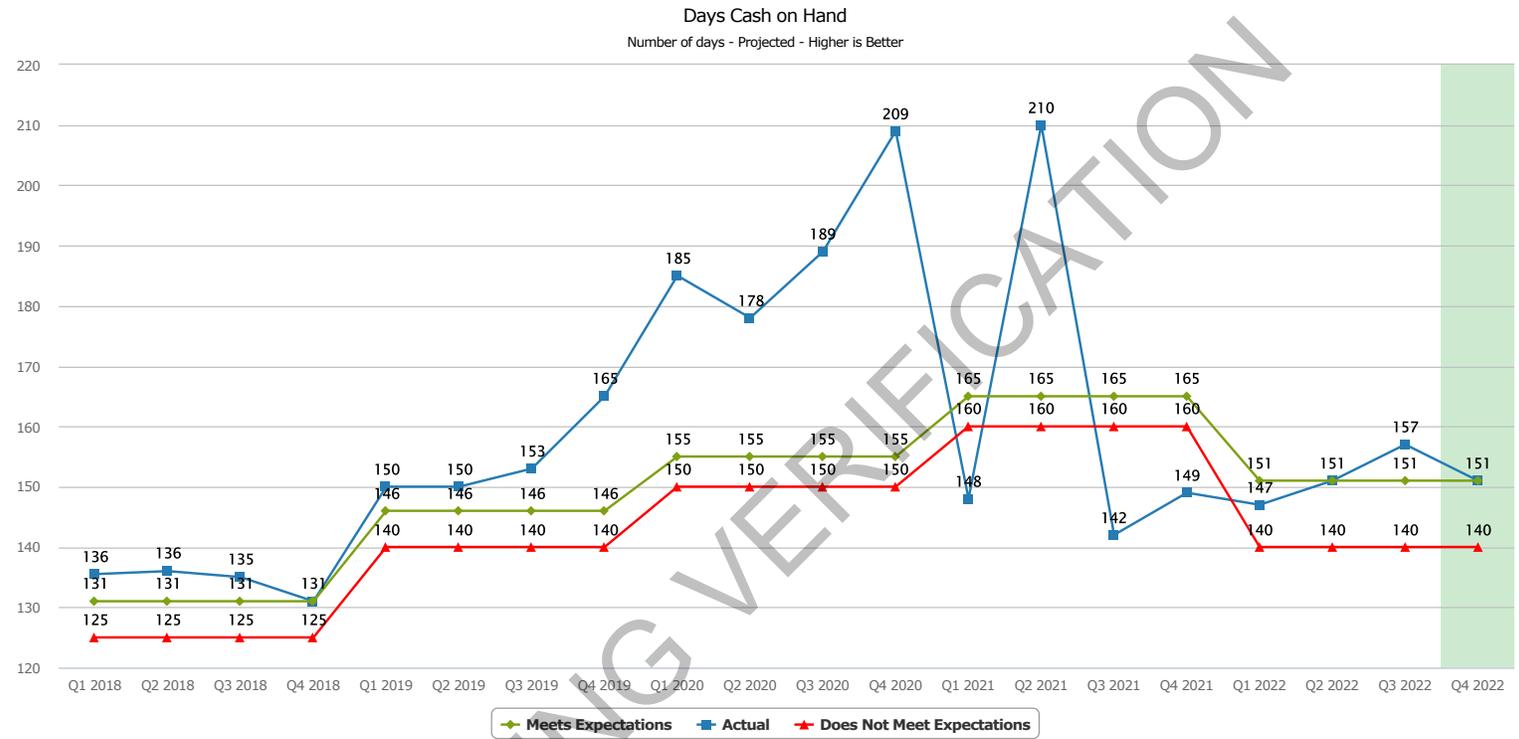
Reported as: year-end projection of actual result plus forecast

Target Range: 151 - 160 (days cash on hand)

MEASURE PERFORMANCE

The year-end 2022 result is 151 days.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Higher fuel expenses brought the Days Cash on Hand number down slightly due to the higher daily expense number.
- This result is preliminary, pending completion of the year-end audit.

4 FS2b Days Cash on Hand - 3 Year Average

Measure Status: Exceeds Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

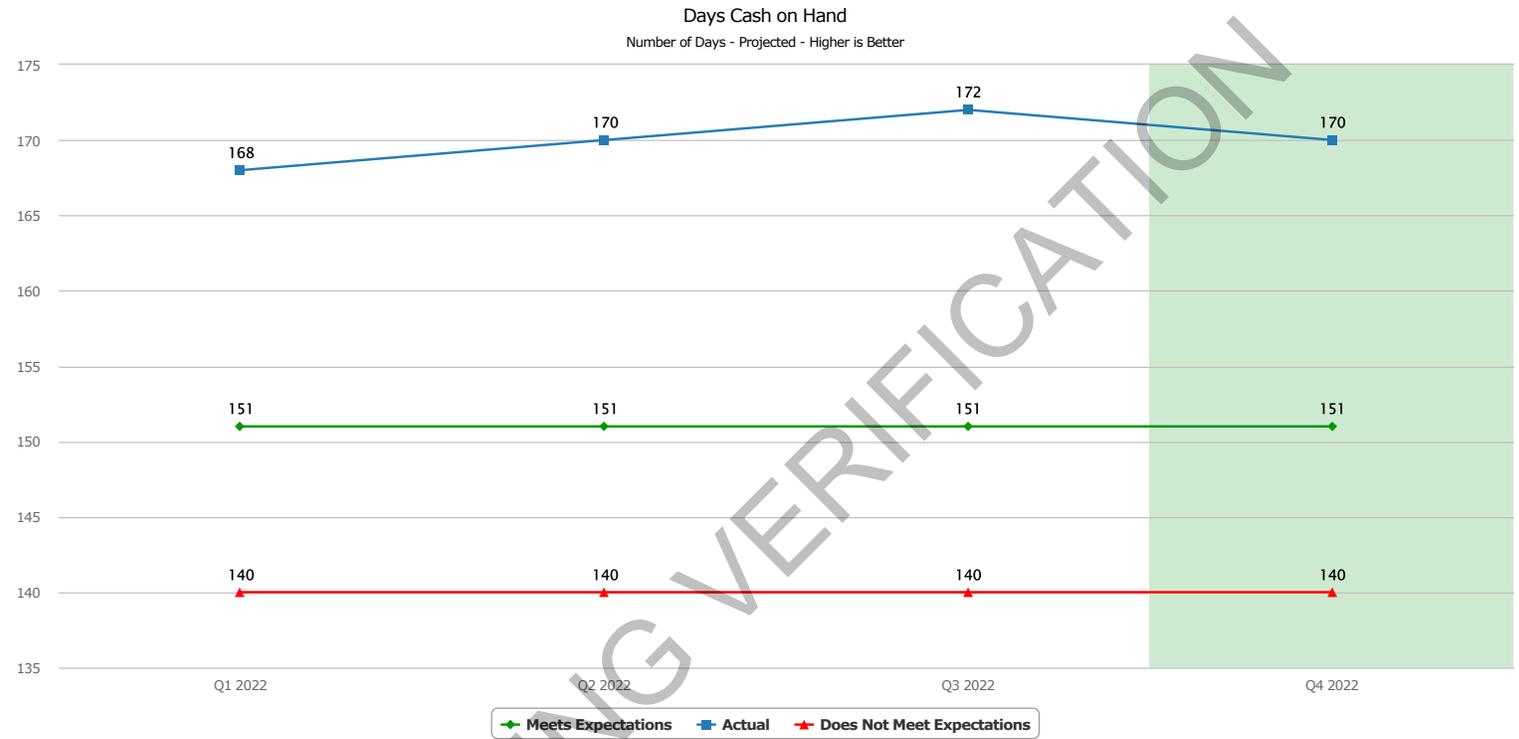
Reported as: Current year projection and the previous two years of history

Target Range: 151 - 160 (days cash on hand)

MEASURE PERFORMANCE

The year-end result is 170 days.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Days Cash on Hand was 209 in 2020 which is helping to bring up 2021 and 2022 to exceeds expectations.
- This result is preliminary, pending completion of the year-end audit.

5 FS2c Adjusted Debt Service Coverage - Current Year

Measure Status: Far Exceeds Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

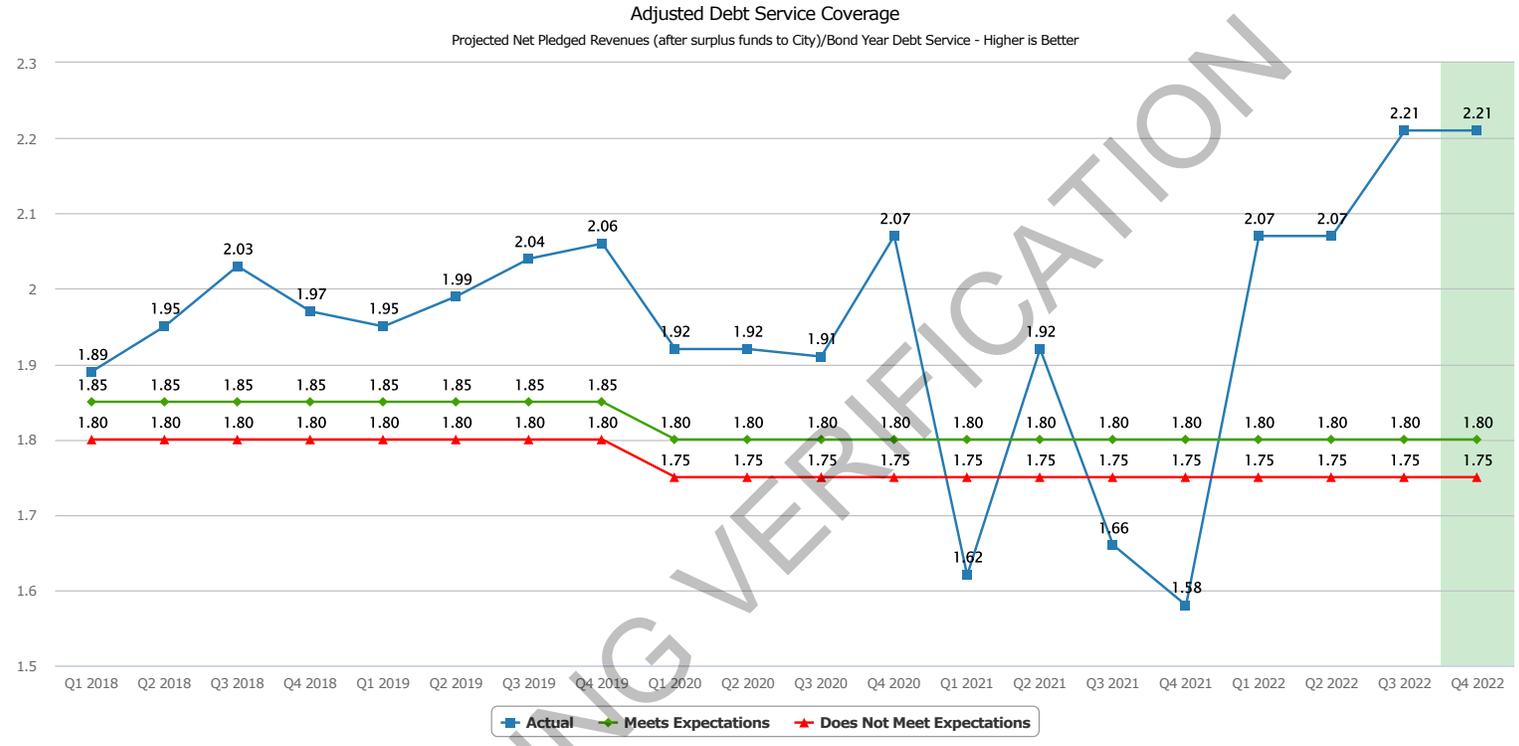
Reported as: Year-end projection of actual results plus forecast

Target Range: 1.80 - 1.90 times

MEASURE PERFORMANCE

The year-end 2022 result is 2.21.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Adjusted debt service coverage far exceeds expectations due to ECA/GCA recovery in 2022.
- This result is preliminary, pending completion of the year-end audit.

4 FS2d Adjusted Debt Service Coverage - 3 Year Average

Measure Status: Exceeds Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

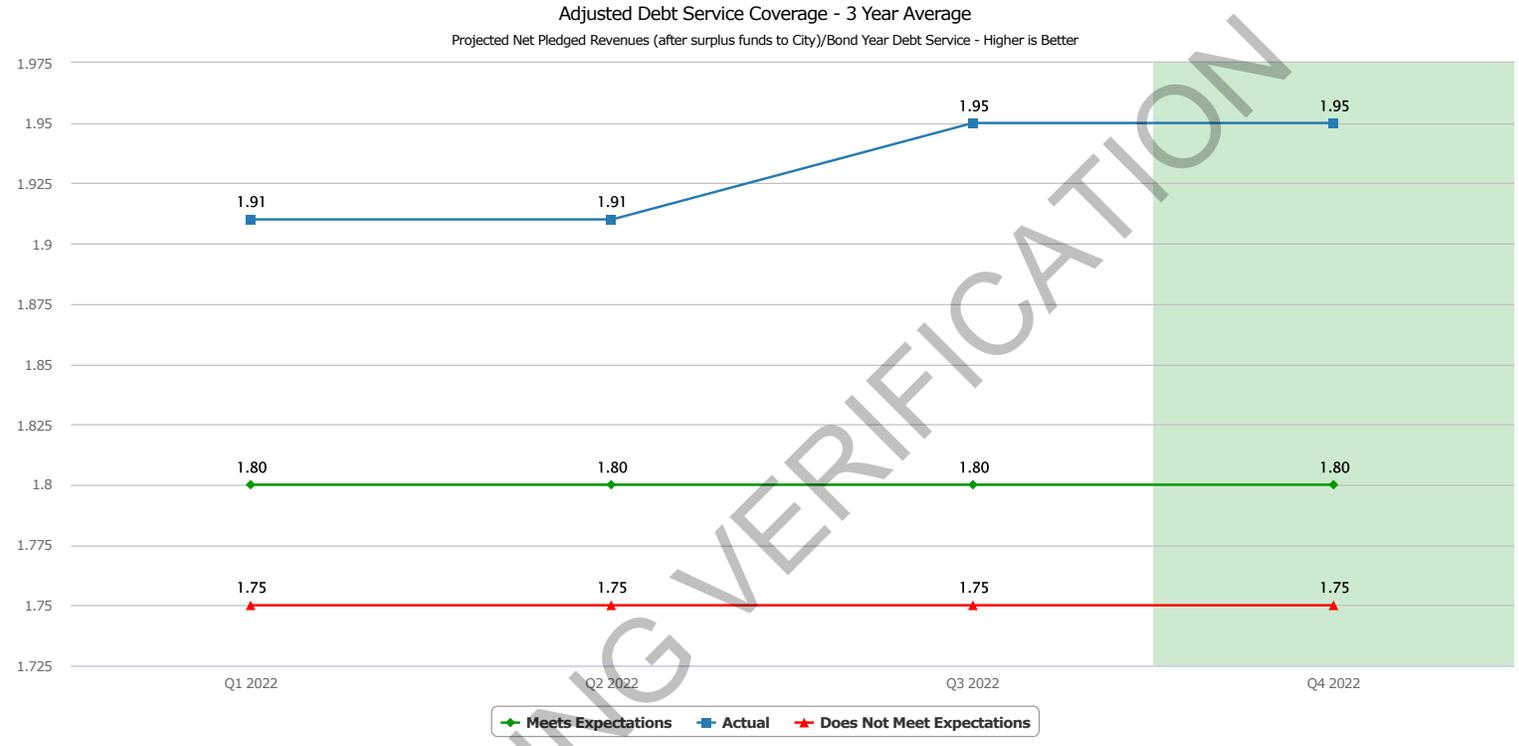
Reported as: Year-end projection of actual results plus forecast

Target Range: 1.80 - 1.90 times

MEASURE PERFORMANCE

The year-end 2022 result is 1.95.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The three year average for Adjusted Debt Service Coverage exceeds expectations due to a strong 2020 and 2022 making up for 2021.
- This result is preliminary, pending completion of the year-end audit.

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

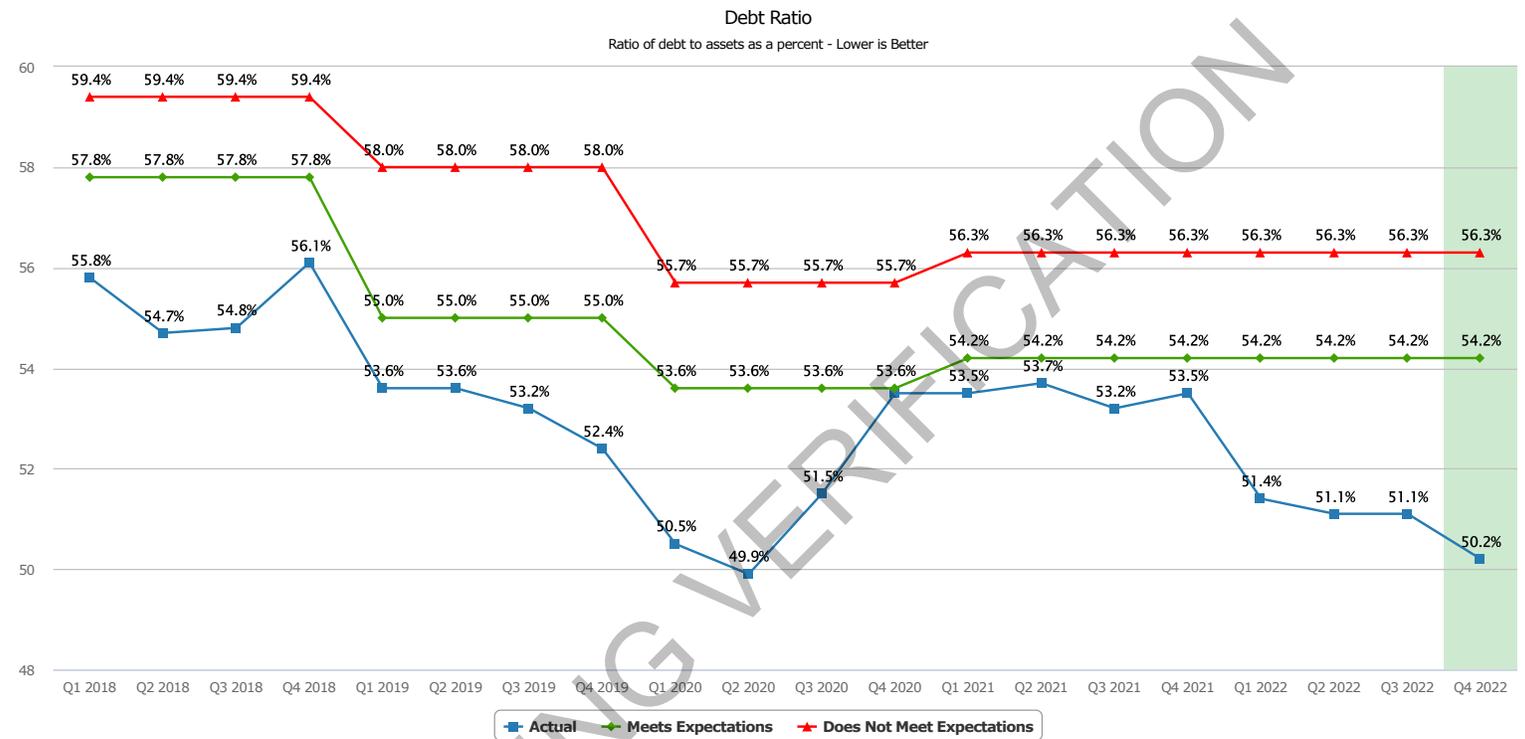
Reported as: year-to-date actual result

Target Range: 54.2 - 50.2%

MEASURE PERFORMANCE

The year-end 2022 result is 50.2%.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Debt ratio is a meets expectations and is slightly better than the Annual Operating and Financial Plan (AOFPP).
- This result is preliminary, pending completion of the year-end audit.

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

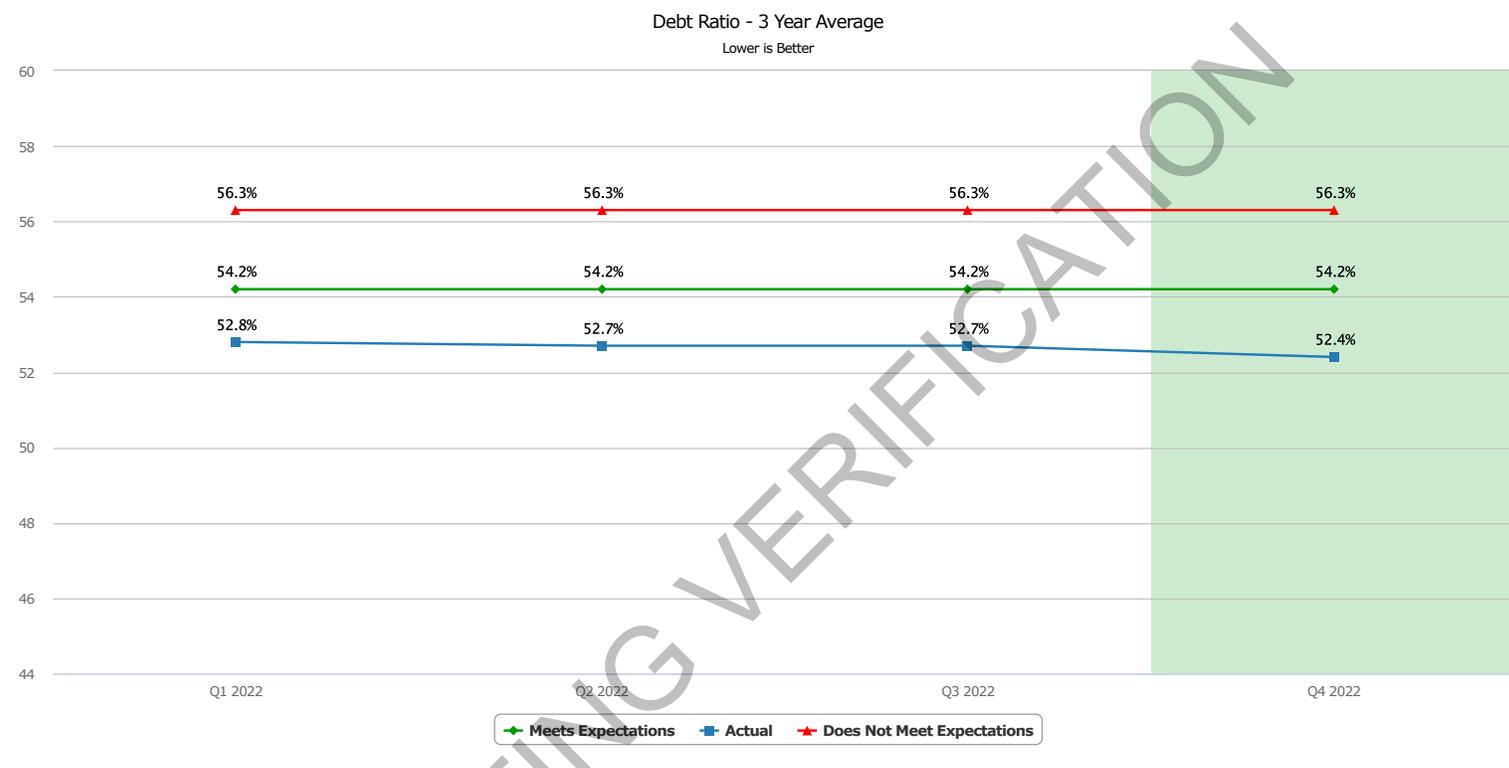
Reported as: Current year to date and the previous 2 years of history

Target Range: 54.2 - 50.2%

MEASURE PERFORMANCE

The year-end 2022 result is 52.4%.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The three year average for Debt Ratio is a meets expectations.
- This result is preliminary, pending completion of the year-end audit.

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

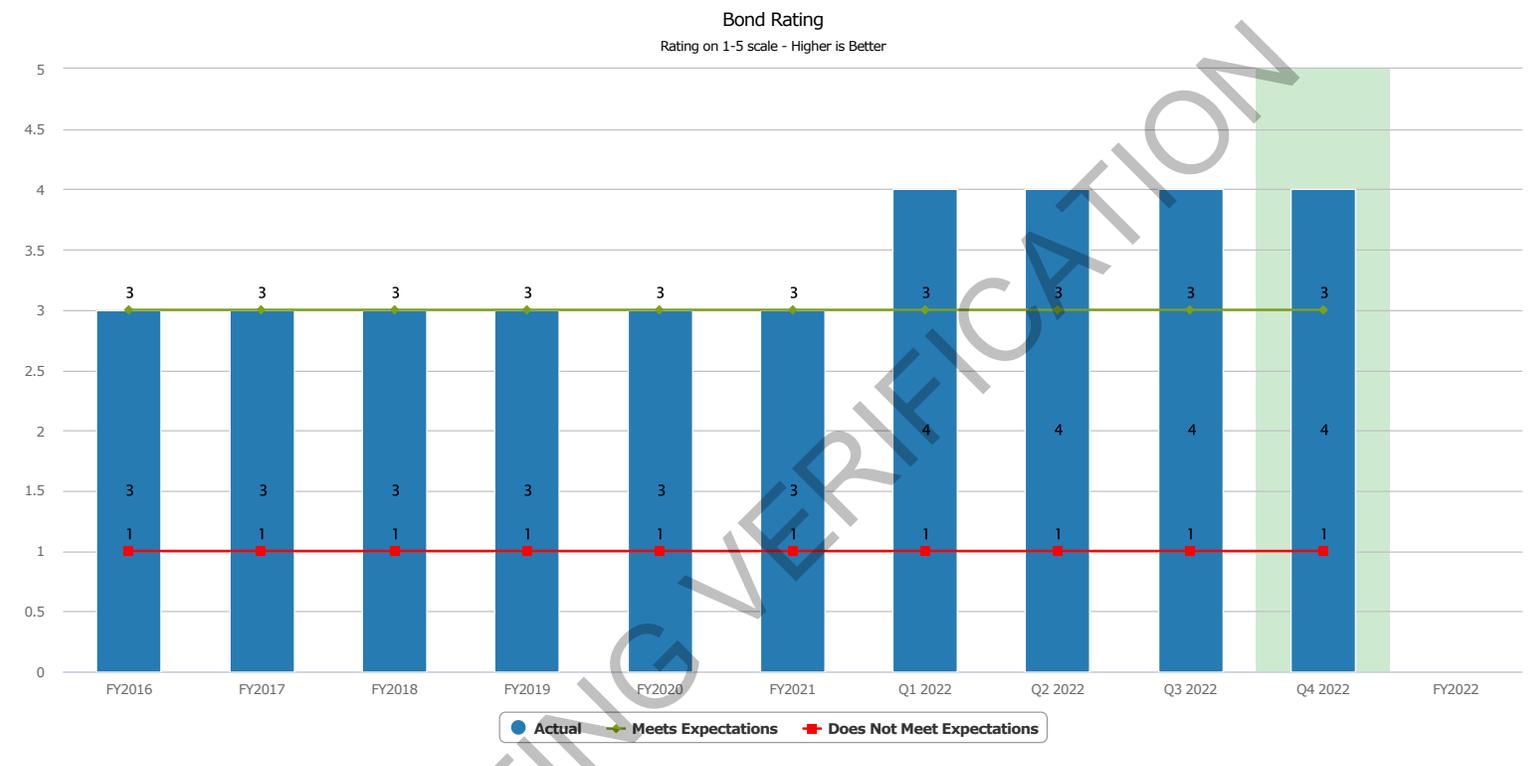
Reported as: Standard & Poor's, Moody's Investors Service, and Fitch Ratings

Target Range: Standard & Poor's AA, Moody's Investors Service: Aa2, Fitch Ratings: AA

MEASURE PERFORMANCE

The year-end 2022 result is Standard & Poor's (AA+), Moody's (Aa2), and Fitch Ratings (AA), respectively.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The long-term credit rating remains unchanged from the previous quarter for Standard and Poor's and Moody's.
- The rating increased from "meets expectations" to "exceeds expectations" in Q1 due to a Utilities Board approved change to the rating scale.
- In recent years, Colorado Springs Utilities made the business decision to no longer seek ratings coverage from Fitch Ratings. However, Fitch Ratings has reaffirmed AA stand-alone credit ratings on all previously issued, still outstanding Springs Utilities issuances; thereby remaining unchanged from the previous quarter.

3 P2a Sustainable Energy Project Cost Performance Index (CPI)

Measure Status: Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Plan, Build and Maintain Assets and Infrastructure

Reported as: Cumulative Year-to-Date

Target Range: 0.95 - 1.05 (composite score)

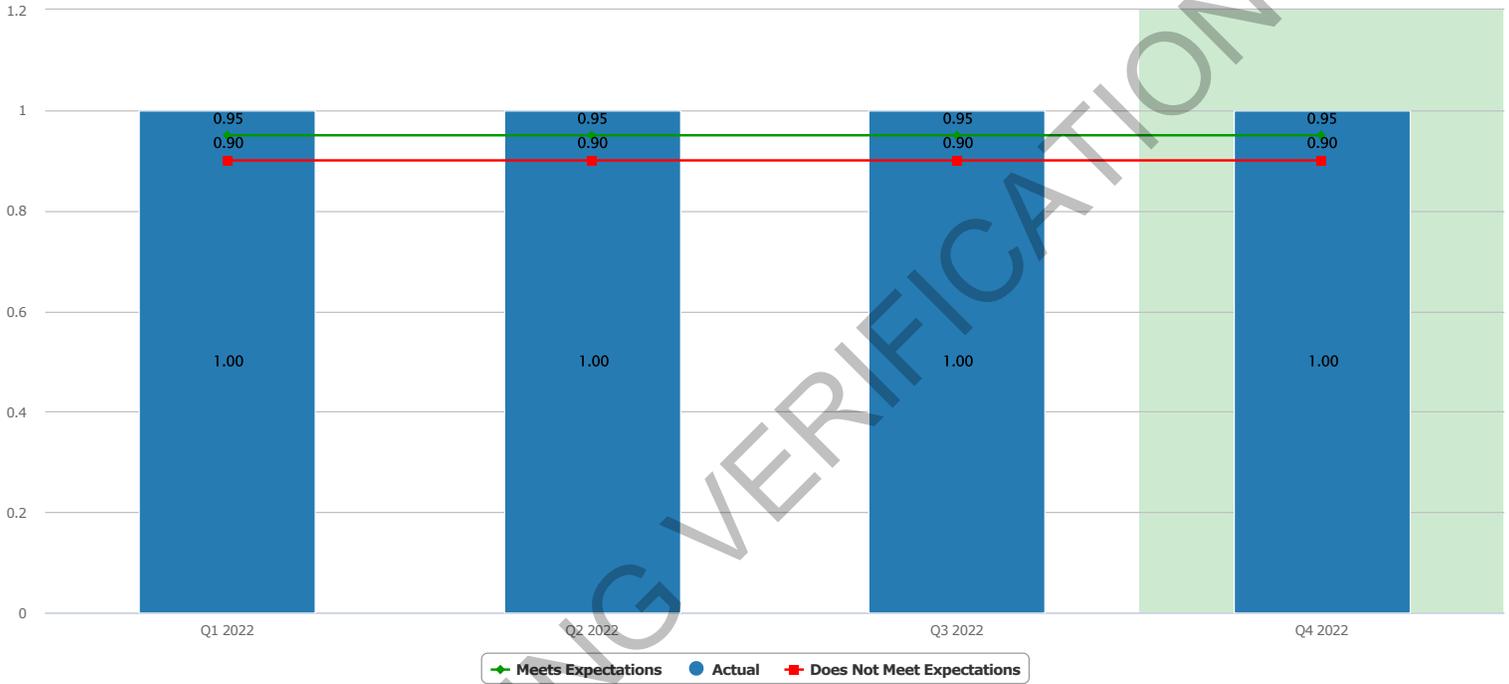
MEASURE PERFORMANCE

The year-end 2022 Result is 1.00.

MEASURE CHART(S)

Sustainable Energy Project Cost Performance Index (CPI)

Higher is Better



PERFORMANCE ANALYSIS

- Cost Performance Index (CPI) is the Earned Value (EV) divided by the Actual Cost (AC). $CPI = EV / AC$
- Earned Value (EV) is the cost we ascribe to a body of work, activity, task, or deliverable. This establishes the "Rules of Credit" used for tracking the value received.
- Actual Cost (AC) is the actual or "real" cost incurred to accomplish a body of work, activity, task, or deliverable.
- When using a Lump Sum or Guaranteed Maximum Price (GMP) pricing structure, like what is being used on these Sustainable Energy Program (SEP) construction projects, $EV = AC$.

Project Name	Earned Value	Actual Value	CPI	Scorecard Rating
Briargate Substation New	\$643,137	\$643,137	1	3
Briargate New Transmission Line	\$828,581	\$828,581	1	3
Cottonwood - Fuller Uprate	\$1,029,347	\$1,029,347	1	3

MEASURE DESCRIPTION

Strategic Objective Supported: Plan, Build and Maintain Assets and Infrastructure

Reported as: cumulative year-to-date

Target Range: 3.0 - 3.9 (composite score)

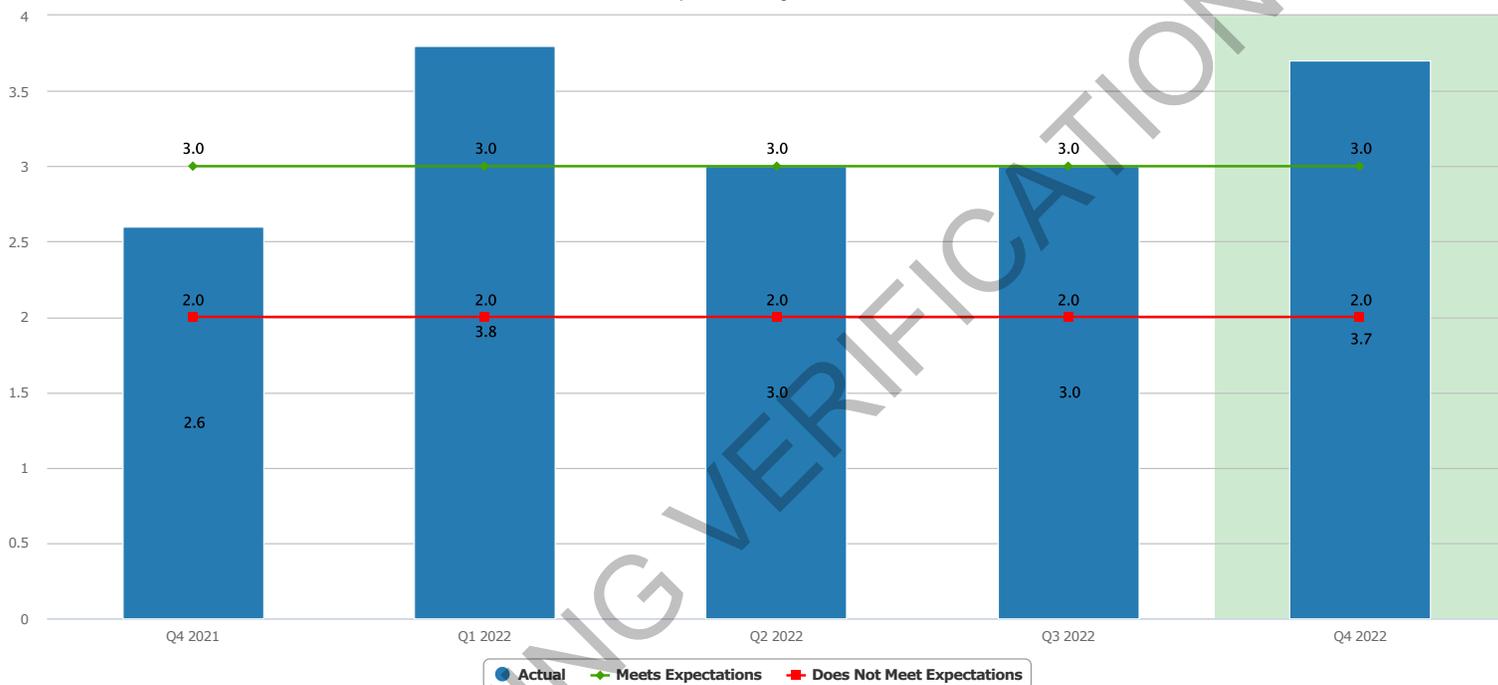
MEASURE PERFORMANCE

The year-end 2022 Result is 3.7

MEASURE CHART(S)

Distribution Integrity Management Program and Compliance Projects Implementation

Composite Score - Higher is Better



PERFORMANCE ANALYSIS

- This measure is weighted 70% schedule and 30% budget
- Schedule is based on progress against 2022 Distribution Integrity Management Program (DIMP) construction metrics defined within the 2022 DIMP program plan.
- Schedule variance for year-end: $1.10 = 4.0$ Exceeds Expectations
- Budget variance for year-end: $\$5,695,085 / \$7,926,808 = 0.72 = 3.0$ Meets Expectations

Total Score: $(4.0 \times .7) + (3.0 \times .3) = 3.7 =$ Meets Expectations



MEASURE DESCRIPTION

Strategic Objective Supported: Attract, Develop and Retain an Engaged and Customer-Focused Workforce

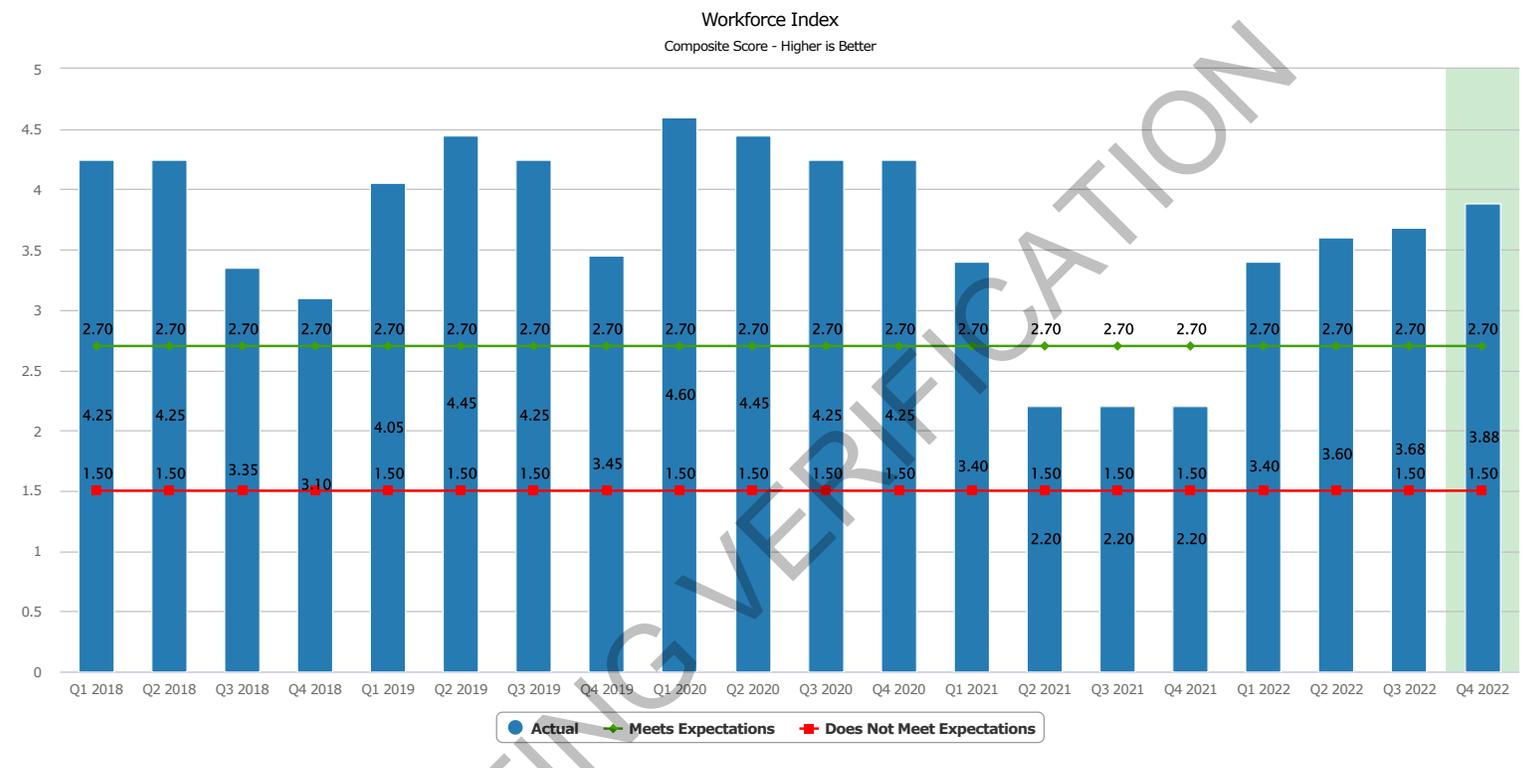
Reported as: Year-to-date

Target range: 2.70 – 3.49 (composite score)

MEASURE PERFORMANCE

The year-end 2022 result is 3.88.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

The overall Workforce Index is comprised of three components:

1. Quality of Hire for New Hires 20%
2. Total Turnover 40%
3. Compliance with Mandatory and Required Training 40%

- Quality of hire for new hires received a score of 3.0, which partially meets expectations.
- Total turnover received a score of 5.0, which far exceeds expectations.
- Compliance with mandatory and required training received a score of 3.2, which meets expectations.

Total Score: $(3.0 \times .2) + (5.0 \times .4) + (3.2 \times .4) = 3.88 = \text{Exceeds Expectations}$

5 F2a Safety: Occupational Injuries and Illnesses Rate

Measure Status: Far Exceeds Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Ensure Employee, Contractor and Public Safety

Reported as: Numerical rating to two decimals

Target Range: +/-10% of Benchmark

MEASURE PERFORMANCE

The year-end 2022 result is 50% below benchmark.

MEASURE CHART(S)

Safety: Occupational Injuries and Illnesses Rate

Lower is better



PERFORMANCE ANALYSIS

- This measure is based on the number of injuries or illnesses with days away from work beyond the date of injury or onset of illness.
- The measure is benchmarked to the North American Industry Classification System (NAICS) Code 22 for utility incidents. The NAICS is the standard used by the Bureau of Labor Statistics to classify data on Occupational Injuries and Illnesses by industries.
- The score for this measure is based on Springs Utilities 6-month Lost Time Incident Rate compared to the previous years' NAICS rate.
 - Far Exceeds Expectations = > 20% Below Benchmark
 - Exceeds Expectations = 10.01 - 20% Below Benchmark
 - Meets Expectations = +/-10% of Benchmark
 - Partially Meets Expectations = 10.01 - 20% above Benchmark
 - Does Not Meet Expectations = > 20% above Benchmark
- There were 10 Lost time incidents and 105 Lost days in 2022.

MEASURE DESCRIPTION

Strategic Objective Supported: Demonstrate Environmental Stewardship

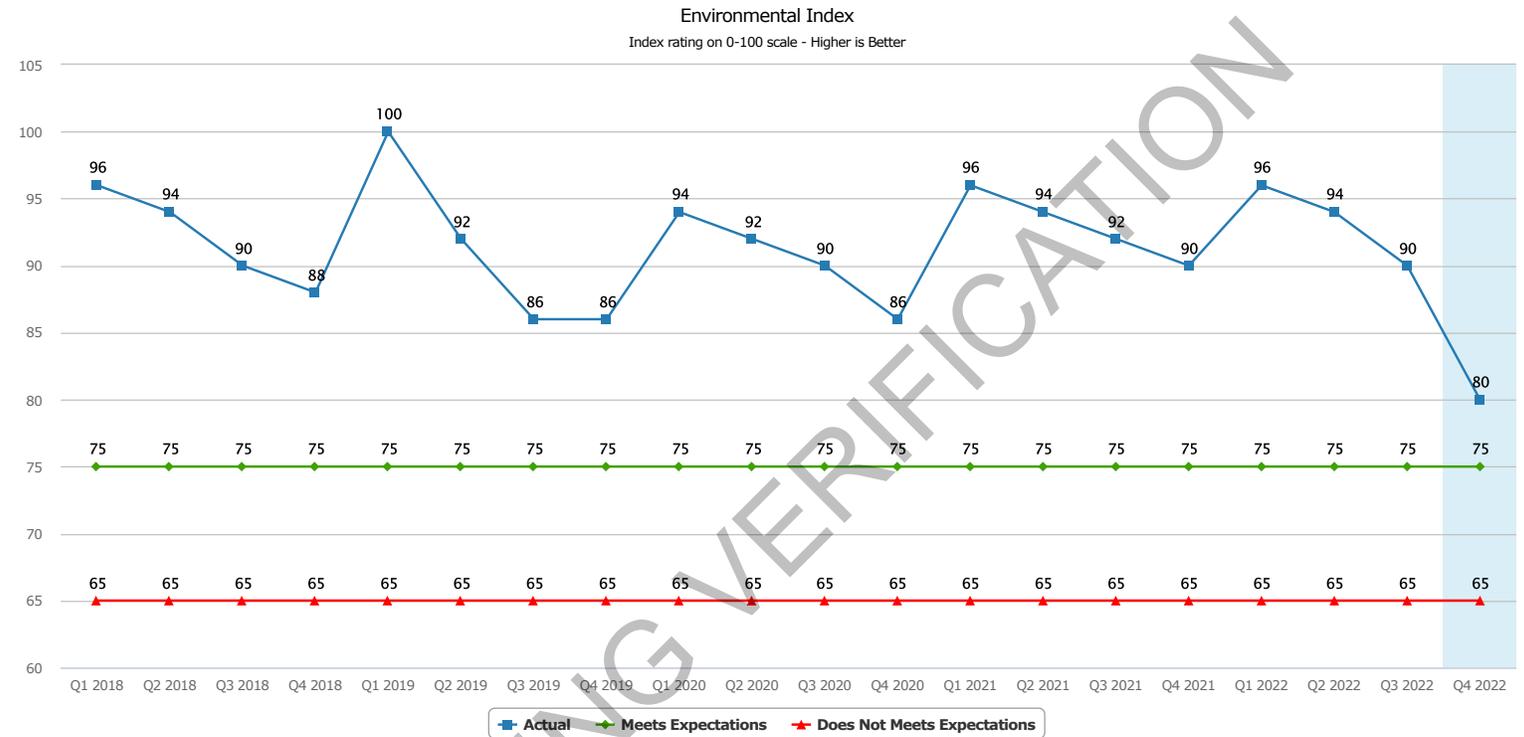
Reported as: year-to-date score

Target range: 75.00 – 85.99 (environmental rating scale 0 to 100)

MEASURE PERFORMANCE

The year-end 2022 result is 80.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- There was one regulatory agency inspection in the 4th quarter.
- There were four deductions to the Index in the 4th quarter in the "minor violation" category. One was for a lower limit pH exceedance from the Drake Power Plant industrial wastewater discharge to the sanitary sewer; one for an exceedance of the 1-hour average NOx limit during Nixon unit 2 start-up; one was for an exceedance of the arsenic limit from the Birdsall Power Plant industrial wastewater discharge to the sanitary sewer; and the fourth was the result of one "significant deficiency" and one "violation" noted in the final report from the WQCD for the December 2022 Sanitary Survey inspection of the Nixon drinking water system.
- There was one air emissions exceedance in the 4th quarter related to the Nixon Unit 2 start-up noted above.
- There were no reportable sanitary sewer overflows (SSOs) in the 4th quarter.
- For 2022 there were 8 regulatory agency inspections of Colorado Springs Utilities' facilities and operations and 10 deductions to the Environmental Index in the "Minor Violation" category.
- There were no deductions in the "Major Violation" category.
- There was one short-duration air emissions exceedance event and one reportable SSO for the year.

Year-end 2022 Colorado Springs Utilities Balanced Scorecard

The Balanced Scorecard measures the organization's performance in achieving enterprise Strategic Objectives

Utilities Board Strategic Focus Weight	Strategic Objective	Performance Measure	Responsible Officer	Weight (%)	1 Does Not Meet Expectations	2 Partially Meets Expectations	3 Meets Expectations	4 Exceeds Expectations	5 Far Exceeds Expectations	Result	Trend	Rating	Weighted Rating	
Rates 40%	Keep Bills Competitive	1. Residential Electric Service Bill - Front Range Comparison	Tristan Gearhart	4.5	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	-1.46%	▲	3	0.14	
	Keep Bills Competitive	2. Residential Natural Gas Service Bill - Front Range Comparison		4.5	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	13.37%	▲	1	0.05	
	Keep Bills Competitive	3. Residential Water Service Bill - Front Range Comparison		4.5	>35.0% higher than average	30.1 – 35.0% higher than average	20.1 – 30.0% higher than average	15.0 – 20.0% higher than average	<15.0% higher than average	14.10%	▼	5	0.23	
	Keep Bills Competitive	4. Residential Wastewater Service Bill - Front Range Comparison		4.5	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	-12.21%	▲	5	0.23	
	Keep Bills Competitive	5. Small Comm 4-Service Bill - Front Range Comparison		4.5	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	12.94%	▲	1	0.05	
	Keep Bills Competitive	6. Large Comm/Indust 4-Service Bill - Front Range Comparison		4.5	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	13.19%	▲	1	0.05	
	Keep Bills Competitive	7. Indust Electric-intensive Cust Bill - Front Range Comparison		3.0	<5.0% lower than average	5.0 - 9.9% lower than average	10.0 – 15.0% lower than average	15.1 – 20.0% lower than average	>20.0% lower than average	-4.55%	▲	1	0.03	
	Build Financial Strength	8. Days Cash on Hand - Current Year*		1.0	<140 days	140 - 150 days	151 - 160 days	161 - 180 days	>180 days	151	▼	3	0.03	
	Build Financial Strength	9. Days Cash on Hand - 3 Year Average*		1.0	<140 days	140 - 150 days	151 - 160 days	161 - 180 days	>180 days	170	▼	4	0.04	
	Build Financial Strength	10. Adjusted Debt Service Coverage - Current year*		1.0	< 1.75 times	1.75 - 1.79 times	1.80 - 1.90 times	1.91-1.95 times	> 1.95 times	2.21	—	5	0.05	
	Build Financial Strength	11. Adjusted Debt Service Coverage - 3 Year Average*		1.0	< 1.75 times	1.75 - 1.79 times	1.80 - 1.90 times	1.91-1.95 times	> 1.95 times	1.95	—	4	0.04	
	Build Financial Strength	12. Debt Ratio - Current Year*		1.0	>56.3%	56.3 - 54.3%	54.2 - 50.2%	50.1 - 48.1%	<48.1%	50.2%	▲	3	0.03	
	Build Financial Strength	13. Debt Ratio - 3 Year Average*		1.0	>56.3%	56.3 - 54.3%	54.2 - 50.2%	50.1 - 48.1%	<48.1%	52.4%	▲	3	0.03	
	Build Financial Strength	14. Bond Rating		4.0	Any 2 of the 3 ratings from the agencies less than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Any 1 of the 3 ratings from the agencies less than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Standard & Poors AA Moody's Investors Service: Aa2 Fitch Ratings : AA	Any 1 of the 3 ratings from the agencies greater than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Any 2 of the 3 ratings from the agencies greater than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Standard & Poors AA+ Moody's Investors Service: Aa2 Fitch Ratings : AA	—	4	0.16	
Reliability 40%	Provide Safe, Resilient and quality Services	15. Electric - SAIDI - Interruptions in minutes per year	Travas Deal	5.0	> 57.50 minutes	57.50 – 52.51 minutes	52.50 – 47.51 minutes	47.50 – 42.50 minutes	< 42.50 minutes	36.27	▲	5	0.25	
	Provide Safe, Resilient and quality Services	16. Natural Gas - Failures per 100 miles of pipe		5.0	> 8.00 failures	8.00 - 6.01 failures	6.00 - 4.00 failures	3.99 - 2.00 failures	< 2.00 failures	3.16	▼	4	0.20	
	Provide Safe, Resilient and quality Services	17. Water - Failures per 100 miles of pipe		5.0	> 14.00 failures	14.00 – 12.01 failures	12.00 – 10.00 failures	9.99 – 8.00 failures	< 8.00 failures	12.47	▼	2	0.10	
	Provide Safe, Resilient and quality Services	18. Wastewater - Failures per 100 miles of pipe		5.0	> 1.00 failures	1.00 - 0.76 failures	0.75 - 0.51 failures	0.50 - 0.25 failures	< 0.25 failures	0.49	—	4	0.20	
	Major Projects													
	Plan, Build and Maintain Assets and Infrastructure	19. Sustainable Energy Project Cost Performance Index (CPI)	Lisa Barbato	10.0	<0.90	0.90 - 0.94	0.95 - 1.05	1.06 - 1.10	>1.10	1.00	—	3	0.30	
	Support Community	20. Infrastructure Coordination with City		5.0	<0.80	0.80 - 0.93	0.94 - 1.06	1.07 - 1.20	>1.20	1.05	▲	3	0.15	
Plan, Build and Maintain Assets and Infrastructure	21. Gas Distribution Integrity Management Program Construction and Operations Implementation	Travas Deal	5.0	<2.0	2.0-2.9	3.0-3.9	4.0-4.9	>4.9	3.70	▲	3	0.15		
Relationships 20%	Focus on the Customer	22. Customer Satisfaction - Residential	Mike Francolino	3.0	< 1.50	1.50 - 2.49	2.50 - 3.49	3.50 - 4.49	> 4.49	1.68	▲	2	0.06	
	Focus on the Customer	23. Customer Satisfaction - Business		3.0	< 1.50	1.50 - 2.49	2.50 - 3.49	3.50 - 4.49	> 4.49	2.74	▲	3	0.09	
	Ensure Employee, Contractor and Public Safety	24. Safety: Occupational Injuries and Illnesses Rate	Renee Adams	8.0	> 20% Above Benchmark	10.01 - 20% Above Benchmark	+/-10% of Benchmark	10.01 - 20% Below Benchmark	> 20% Below Benchmark	50% Below Benchmark	—	5	0.40	
	Demonstrate Environmental Stewardship	25. Environmental Stewardship	Lisa Barbato	3.0	< 65.00	65.00 – 74.99	75.00 – 85.99	86.00 – 94.99	> 94.99	80.00	▼	3	0.09	
	Attract, Develop and Retain a Skilled and Diverse Workforce	26. Skilled Workforce	Renee Adams	3.0	< 1.50	1.50 - 2.69	2.70 - 3.49	3.50 - 4.60	> 4.60	3.88	▲	4	0.12	
											Overall Score:	3.24		

As of 12/31/2022

Trend Key
▲ Favorable
▼ Unfavorable
— No Change

*Results for Days Cash on Hand, Adjusted Debt Service Coverage and Debt Ratio, both current year and 3 year average, are preliminary, pending the completion of the year-end audit.



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Jacqueline M. Rowland
City Auditor, CPA CFE PMP

23-06 Colorado Springs Utilities Board Instruction 4, Risk Management

March 2023

Purpose

The purpose of this high level review was to determine whether Colorado Springs Utilities complied with Utilities Board Instruction to the Chief Executive Officer, Policy I-4, Risk Management.

Highlights

Based on our review we conclude that Colorado Springs Utilities (Utilities) and the Chief Executive Officer (CEO) were in compliance with Utilities Board Instructions to the Chief Executive Officer, Policy I-4, Risk Management (I-4) for the calendar year 2022. We identified one observation and one opportunity for improvement to strengthen the enterprise risk management. Please see page two of this report for details.

The Office of the City Auditor completed our review as directed by City Council acting in its capacity as the Utilities Board. Under Governance Policy Manual, Guidelines, Organizational Oversight (E-2.3), the Office of the City Auditor is required to monitor compliance with Policy I-4, Risk Management annually.

Policy I-4 states, "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."

Within the I-4, the CEO is required to maintain a Risk Management Committee, operate under, and maintain an Enterprise Risk Management Plan to include Energy Risk Management, Investment, and Financial Risk Management Plans.

Our audit included a review of the Risk Management Committee materials and written policies required by I-4. We interviewed Colorado Springs Utilities personnel responsible for administering policies. Per the I-4, Utilities prepared semi-annual reports on Board Instruction compliance results. We verified the accuracy and reliability of statements made in the August 17, 2022 and February 22, 2023 reports. We did recognize the Enterprise Risk Management Plan was in draft status, however, in the most current semi-annual report, Utilities acknowledged it has not been updated but would be finalized in 2023.

Management Response

Management was in agreement with our recommendations.

Recommendations

1. We recommend utilizing the enterprise risk tracking tool available.

Opportunity for Improvement

1. Revise Instruction and Guideline pertaining to I-4 to align with Utilities Board decisions.

23-06 COLORADO SPRINGS UTILITIES BOARD INSTRUCTION 4, RISK MANAGEMENT

Observation 1

- The enterprise risk tracking tool was not being utilized, therefore there was no available supporting documentation to review.

In 2021 a consultant was engaged and built an Excel tool to be utilized as the enterprise risk tracking tool. The tool, which could add value to enterprise risk tracking, was not implemented.

While the Financial Risk Report was provided to the Risk Management Committee monthly, the invested tool should be implemented to strengthen the enterprise risk tracking process to adequately report risk on an enterprise-wide-basis.

Management Response

Management agrees with this observation and will configure the excel tracking tool received and begin using this with the May 2023 Risk Management Committee Meeting.

Recommendation

Utilities Management should:

Implement the enterprise risk tracking tool available and assess if other tools could be acquired to strengthen the enterprise risk tracking process.

Opportunity for Improvement 1

- Excellence in Governance Policy Manual, Risk Management (I-4) and Compliance Report Frequency and Method Guidelines (G-3) were not accurate for Monitoring Frequency.

The February 22, 2023 Risk Management (I-4) Instruction Compliance Report indicates monitoring will include Internal, City Auditor, and External. The Monitoring Frequency indicates Semi-Annual, Annual, and Years ending in 0 and 5. Utilities Board approved replacing requirement for external monitoring frequency of years ending in 0 and 5, allowing for Utilities Board discretion on external reviews. However, I-4 and G-3 monitoring frequency stated requirements were not updated.

Management Response

Management agrees and will collaborate with the Office of the City Auditor in updating the external reporting requirement language in the report heading. This will be accomplished as soon as possible and will be reflected in the next I-4 report issued.

Recommendation

Utilities Management should:

Revise the I-4 Instruction and G-3 Guidance related to monitoring frequency for external audit. Updates should reflect the Utilities Board decision.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.



Date: March 22, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Compliance Report
Asset Protection (I-8)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	July 1, 2022 – December 31, 2022
Policy Title (Number):	Asset Protection (I-8)	Reviewing Committee:	Finance
Monitoring Type:	Internal; City Auditor	Monitoring Frequency:	Semi-Annual; Annual

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.*

Plans and programs are in place that address and comply with the expectations of this policy to include, but not limited to:

	Frequency of Update	Last Updated	Planning Horizon	Responsible Division
Cyber Security:				Customer and Enterprise Services
Cyber Security Incident Response Plan	Every 5 years	2022	5 years	
Cyber Security Vulnerability Management Program	Every 3 years	2021	Ongoing	
Cyber Security (Risk Management) Framework	Every 3 years	2018 ¹	Ongoing	
Security Operations:				Operations
Physical Security Program	5 years	2021	10 years	
Physical Security for Rampart Dam and Reservoir and Tesla Hydro Plant	1 year	2022	Ongoing	
Emergency Management:				Operations
Emergency Operations Plan	3 years	2022	Ongoing	
Dam Emergency Action Plans	1 year	2022	Ongoing	
Water Resource Recovery Facility Flood Emergency Evacuation Plans	1 year	2021	Ongoing	
Facilities Management:				System Planning and Projects
Facilities Master Plan	5 years	2021	10 years	
Facilities Maintenance Program	Annual	2021	10 years	
Records and Information Management:				Human Resources and Administration
Records Retention Program provides ongoing records compliance and disposition review and support	Ongoing	2020	3 years	
Water Resources Management:				System Planning and Projects
Reporting of water use in accordance with decrees, permits and agreements	Ongoing	Ongoing	Ongoing* as needed	

Watershed Management Plans	Ongoing* as needed	Ongoing	Ongoing* as needed	
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¹Was updated February 2023 but not for the reporting timeframe of July 1, 2022 – Dec. 31, 2022.

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

Colorado Springs Utilities collaborates with the Real Estate Services Office to ensure compliance with all requirements of:

- City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021 which was approved by City Council by Resolution 39-21 on March 23, 2021.

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

Colorado Springs Utilities is in compliance with Colorado Springs City Code §1.5.205, which states that all sales of personal property which are obsolete and unusable shall, except as otherwise specifically provided in this part, be based whenever possible on competitive bids.

4. *Protect the enterprise's public image and reputation.*

Colorado Springs Utilities strives to build and enhance the public enterprise's public image through proactive communications, media relations, marketing communications and community relations.



Date: Mar. 22, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report**
Utilities Board/Chief Executive Officer Partnership Expectations (E-2)

Desired Action: Monitoring

EXPECTATIONS	
Category:	Utilities Board/Chief Executive Officer Partnership Expectations
Policy Number:	E: 2 (Chief Executive Officer Responsibilities)

March 2023 Water Outlook using data as of February 28, 2023

Locally, temperatures were above average, and precipitation was above average in February. Demands were more than last year at this time.

2023 Demands: February use averaged 43.3 million gallons per day (MGD), which was about 6.9% more than last February. Year to date demand is averaging 43.3 MGD, which is 6.9% more than last year at this time. Temperatures in February were above the thirty-year average at 34.5 degrees Fahrenheit, which was 1.0 degrees above-normal. Year to date temperatures have averaged 32.7 degrees Fahrenheit, which is normal for February. Total precipitation for February was 0.48 inches, which was 150% of normal. Year to date precipitation is 0.88 inches, which is 144% of normal.

Current Reservoir Levels: Local storage is currently at about 46,968 acre-feet (71% of capacity). The 1991-2020 average is 72% of capacity. Rampart Reservoir is at 80% of capacity, and Pikes Peak storage is at 58% of capacity. System wide, total storage is about 184,600 acre-feet (71% of capacity). Last year at this time, total system wide storage was 72% of capacity. It was about 71% at this same time in 2021, about 79% of capacity in 2020, about 72% of capacity in 2019, about 80% of capacity in 2018, about 78% of capacity in 2017, about 80% of capacity in 2016, about 78% of capacity in 2015, and about 56% of capacity in 2014. The 1991-2021 average system wide storage for the end of February is 72% of capacity.

Water Supply Outlook: Our February yield forecast predicts 94% of average yield from

Colorado Springs' water collection systems this year. Snowpack is above average in most of Colorado, except for the Arkansas River Basin. The three-month climate outlook predicts higher chances of above-average temperatures and higher chances of below-average precipitation across Colorado. We continue to monitor snowpack, demand and storage to maximize available water supply.

Operational Notes: Due to a scheduled outage at the FVA treatment plant Colorado Springs Utilities is providing water to the FVA partners, which accounts for approximately one quarter of the increased demand compared to February of last year. Total system storage is at 71% of capacity and holds about 2.6 years of demand, which is slightly below average for the end of February. Local storage contains about 240 days of demand.

Electric Cost Adjustment (ECA)

On February 28, 2023, City Council approved the ECA rate of \$0.0284 per kWh effective March 1, 2023. As of February 28, 2023, the ECA under collection balance was \$4.7 million. The balance changed by \$3.2 million from the \$7.9 million under collection balance reported last month. Colorado Springs Utilities continues to provide regular updates to the Utilities Board and will propose adjustments as appropriate.

Gas Cost Adjustment (GCA)

On February 28, 2023, City Council approved the GCA rate of \$0.3268 per Ccf effective March 1, 2023. As of February 28, 2023, the GCA over collection balance was \$19.0 million. The balance changed by \$7.4 million from the \$11.6 million over collection balance reported last month. Colorado Springs Utilities continues to provide regular updates to the Utilities Board and will propose adjustments as appropriate.



Colorado Springs Utilities
It's how we're all connected

Water Outlook

Kalsoum Abbasi, P.E.

Planning Supervisor, Water Conveyance

March 1, 2023

Local Weather Conditions as of February 28, 2023

Precipitation (Inches of Moisture)

- February 2023 – 0.48 in. (150% of normal)
- 2023 YTD Total – 0.88 in. (144% of normal)

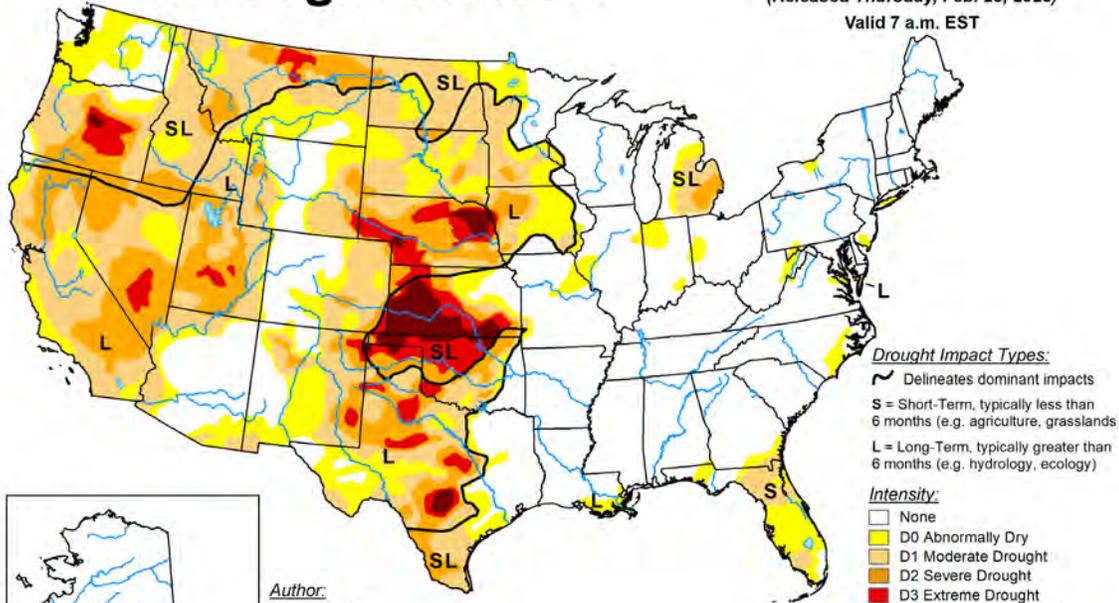
Average Temperature (Degrees F)

- February 2023 – 34.5 Deg. (1.0 deg. above normal)
- 2023 YTD Average – 32.7 Deg. (0.0 deg. above normal)



U.S. Drought Monitor

February 21, 2023
 (Released Thursday, Feb. 23, 2023)
 Valid 7 a.m. EST



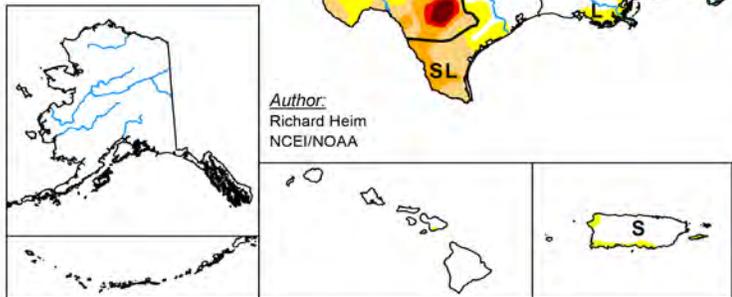
Drought Impact Types:
 ~ Delineates dominant impacts
 S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
 L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:
 □ None
 □ D0 Abnormally Dry
 □ D1 Moderate Drought
 □ D2 Severe Drought
 □ D3 Extreme Drought
 □ D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

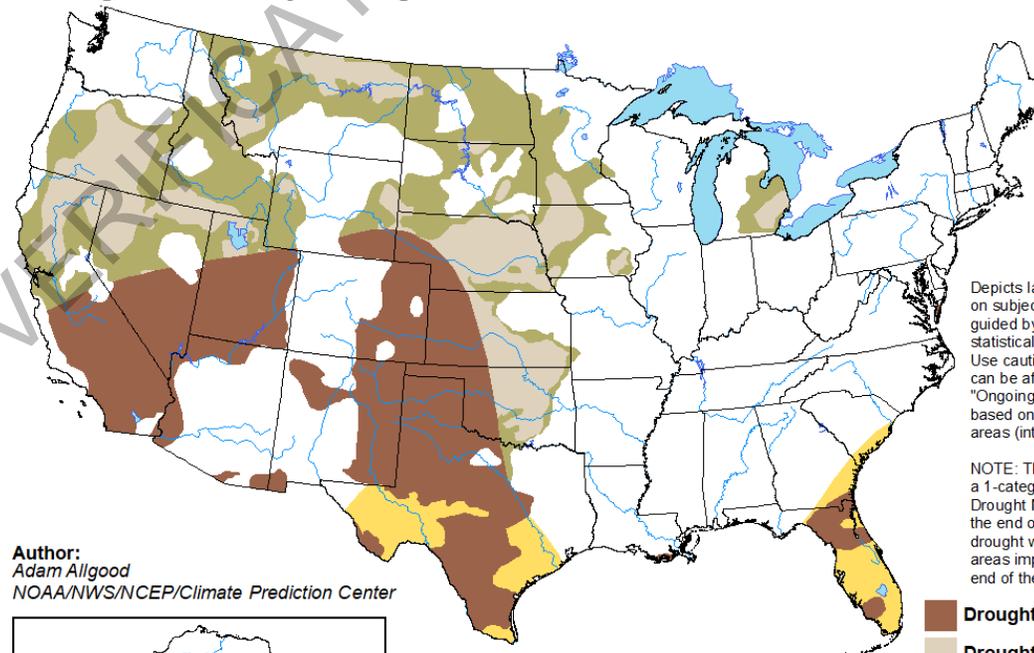


Author:
 Richard Heim
 NCEI/NOAA



U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for February 16 - May 31, 2023
 Released February 16



Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

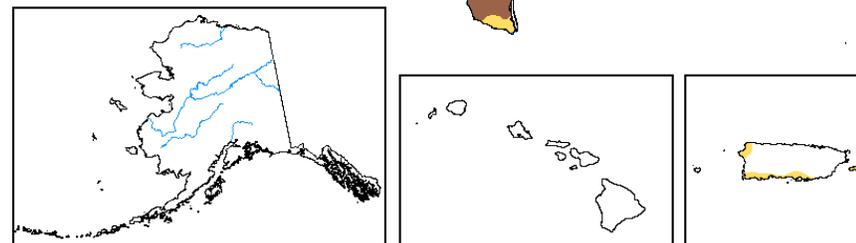
NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

- Drought persists
- Drought remains but improves
- Drought removal likely
- Drought development likely



<http://go.usa.gov/3eZ73>

Author:
 Adam Allgood
 NOAA/NWS/NCEP/Climate Prediction Center

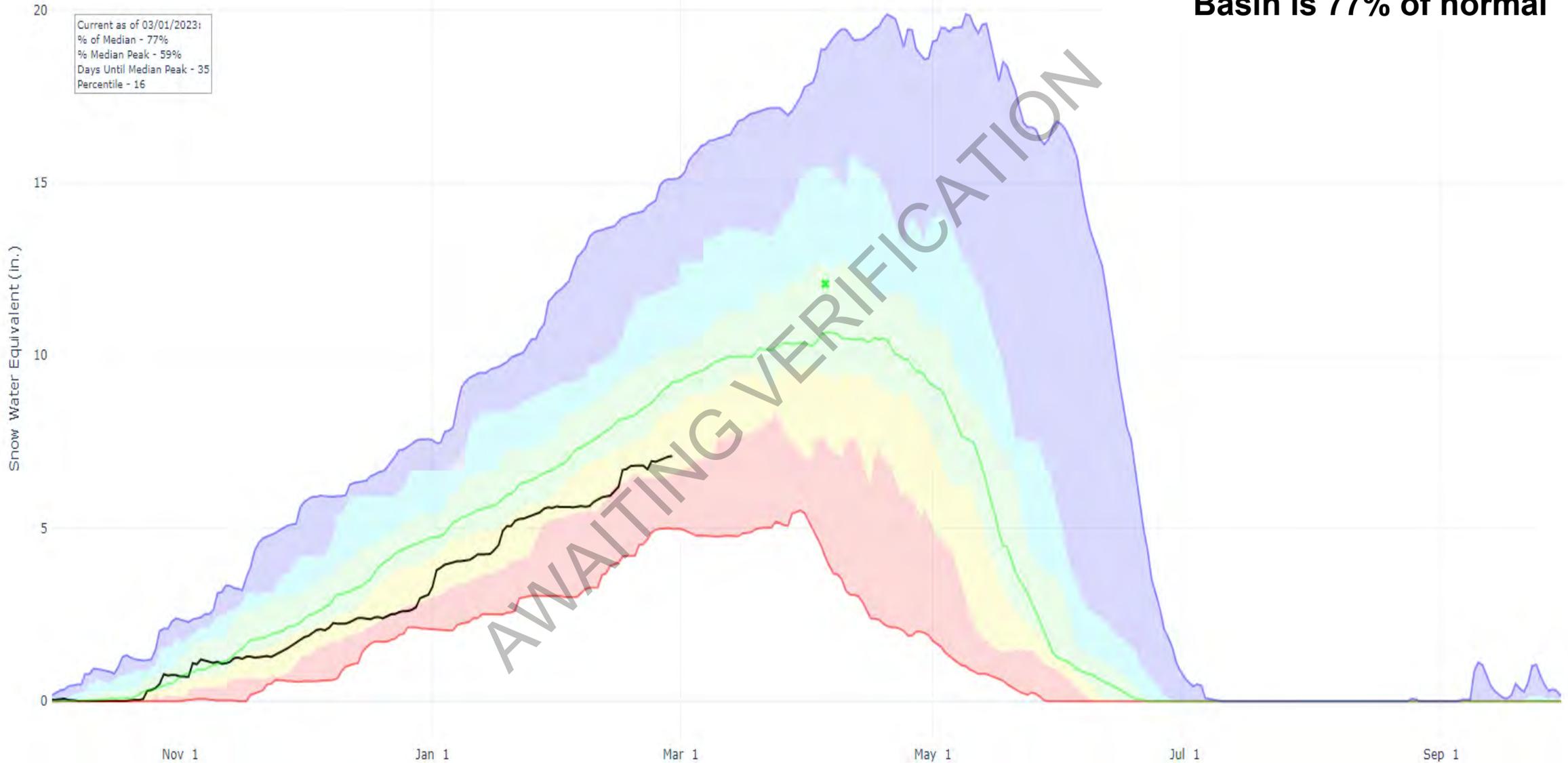


SNOW WATER EQUIVALENT IN ARKANSAS

Reset Range

Current as of 03/01/2023:
% of Median - 77%
% Median Peak - 59%
Days Until Median Peak - 35
Percentile - 16

Snowpack in the Arkansas River Basin is 77% of normal

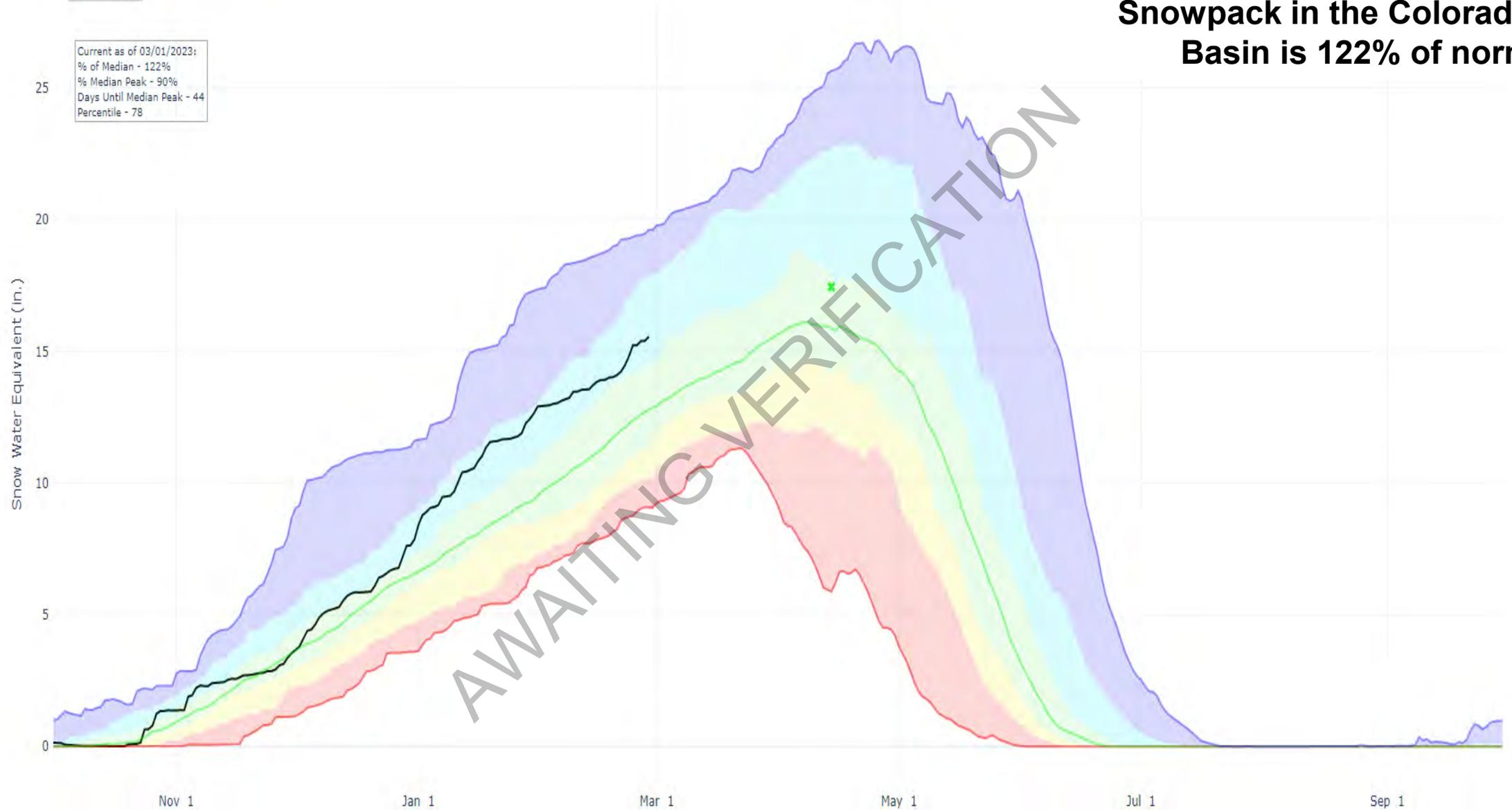


SNOW WATER EQUIVALENT IN
COLORADO HEADWATERS

Reset Range

Current as of 03/01/2023:
% of Median - 122%
% Median Peak - 90%
Days Until Median Peak - 44
Percentile - 78

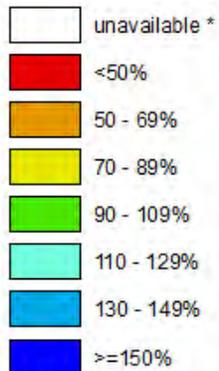
**Snowpack in the Colorado River
Basin is 122% of normal**



Colorado
SNOTEL Current Snow Water Equivalent (SWE) % of Normal

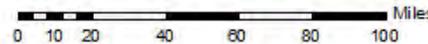
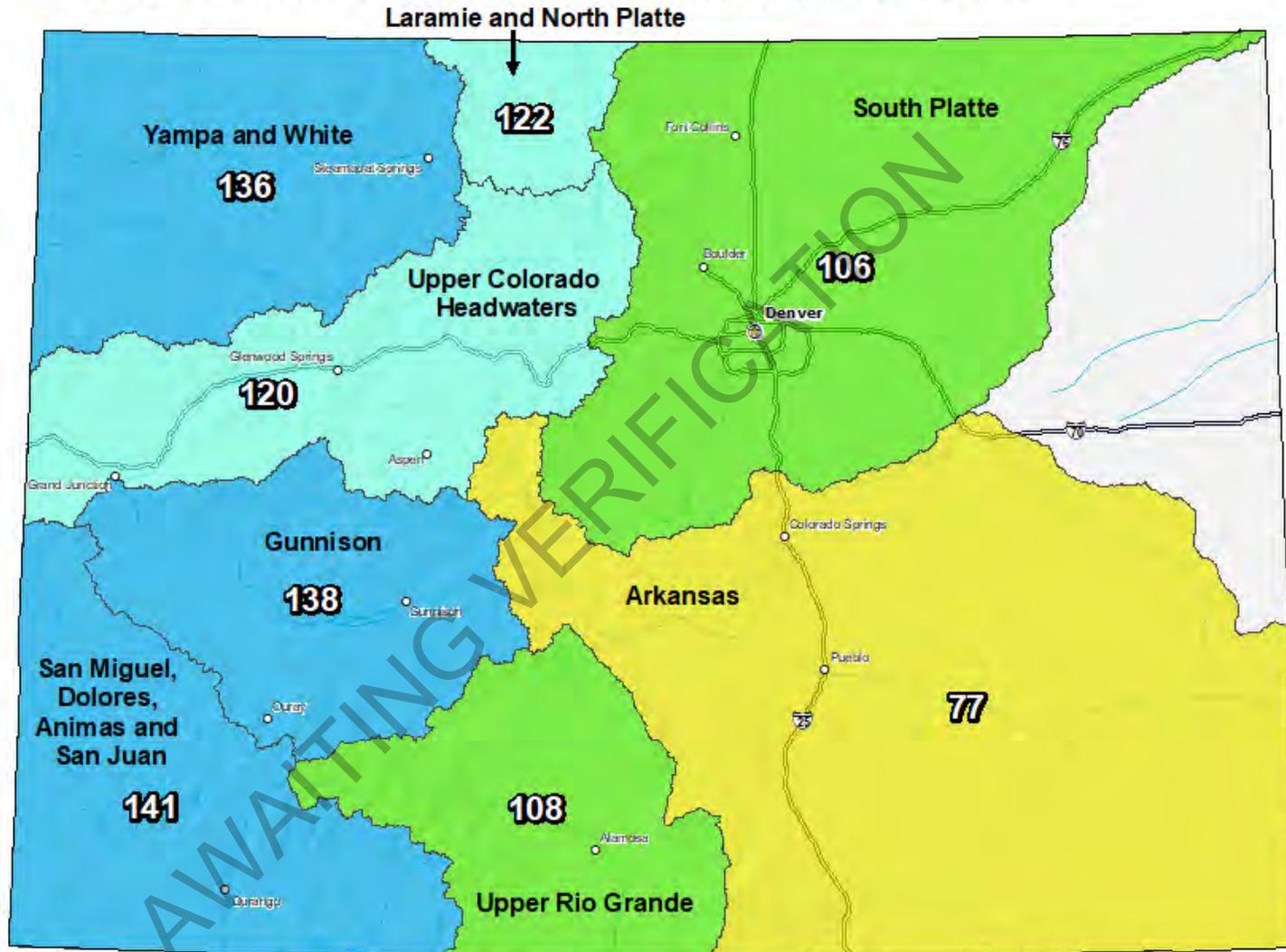
Feb 28, 2023

Current Snow Water Equivalent (SWE) Basin-wide Percent of 1991-2020 Median



* Data unavailable at time of posting or measurement is not representative at this time of year

*Provisional Data
 Subject to Revision*



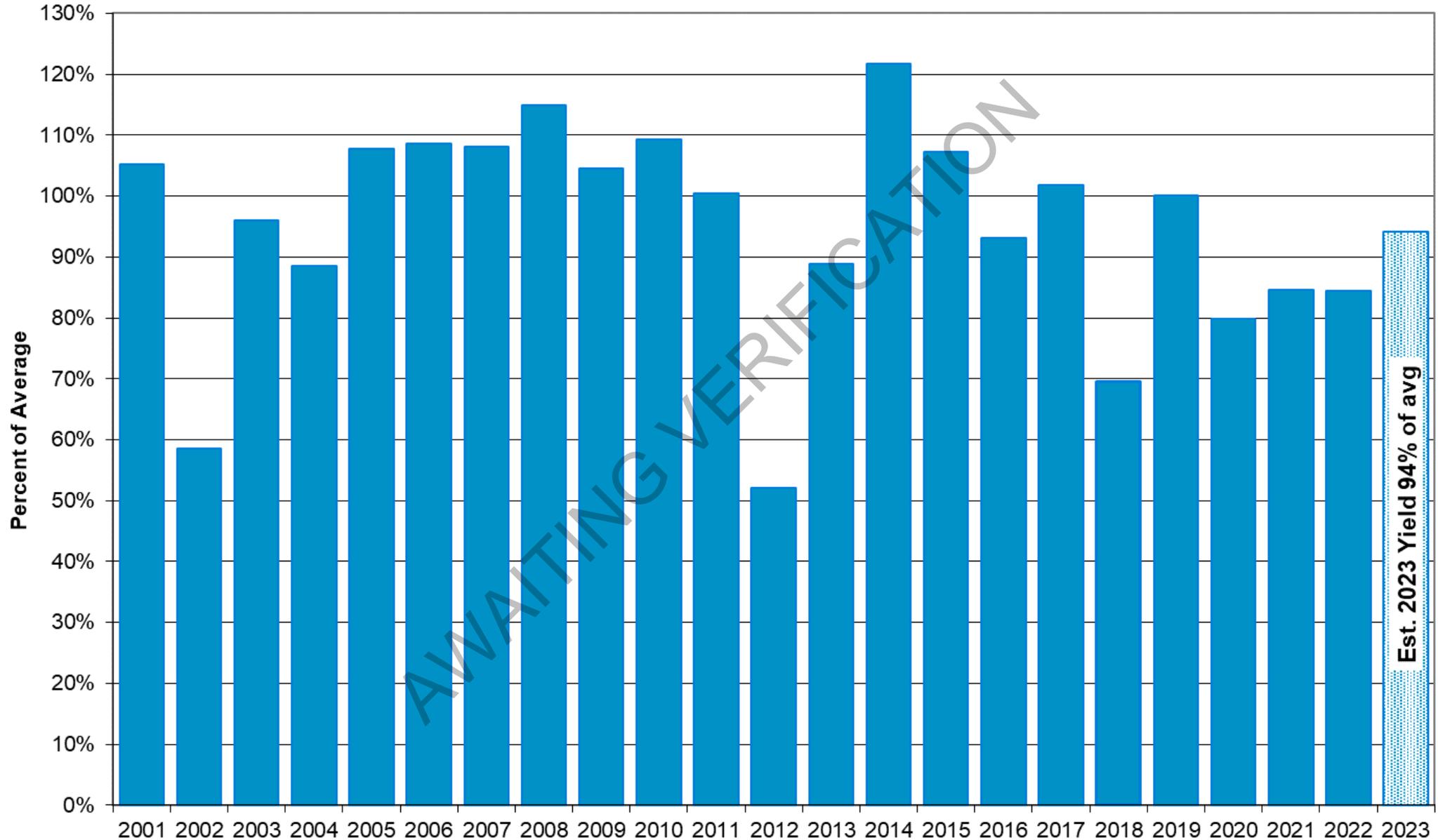
The snow water equivalent percent of normal represents the current snow water equivalent found at selected SNOTELs sites in or near the basin compared to the average value for those sites on this day. Data based on the first reading of the day (typically 00:00).

Prepared by:
 USDA/NRCS National Water and Climate Center
 Portland, Oregon
<https://www.nrcs.usda.gov/wps/portal/wc/home/>



Colorado Springs Water Yields 2001 - 2023

Percent of Average Yield



2023 Demands

February

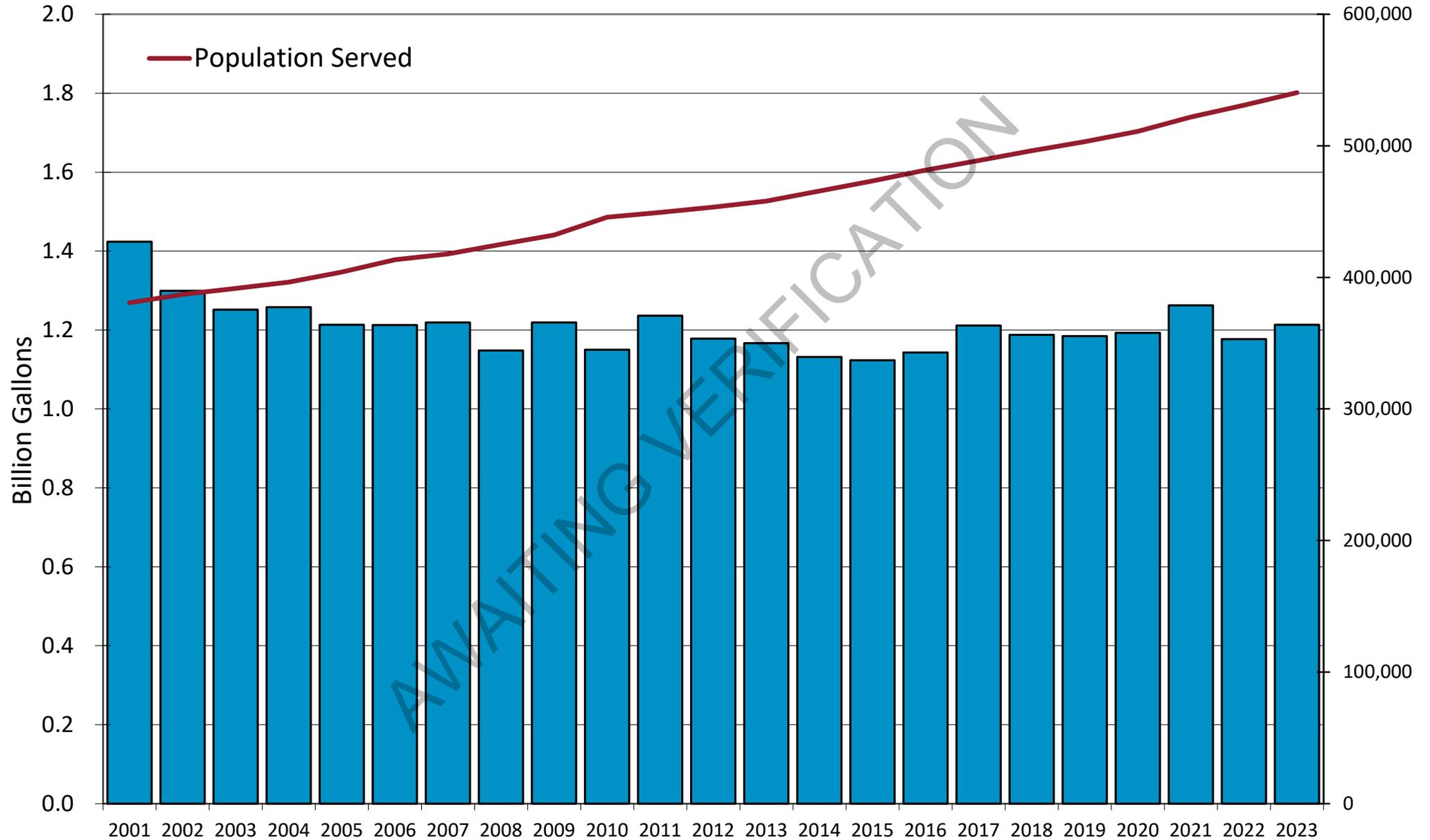
- Averaged 43.3 MGD
- 6.9% more than February 2022
 - This includes delivery to FVA partners during scheduled outage

2023 Year to Date

- Averaging 43.3 MGD, 2.5 BG total
 - 6.9% more than 2022
 - 0.16 Billion Gallons more than 2022



Monthly Water Use for February



Reservoir Levels

February 28, 2023

- Pikes Peak 58 %
 - 91-20 Avg. 66 %
- Rampart 80 %
 - 91-20 Avg. 81 %
- Local Total 71 %
 - 91-20 Avg. 75 %
- System Total 71 %
 - 91-20 Avg. 72 %



Colorado Springs' System Wide Storage:

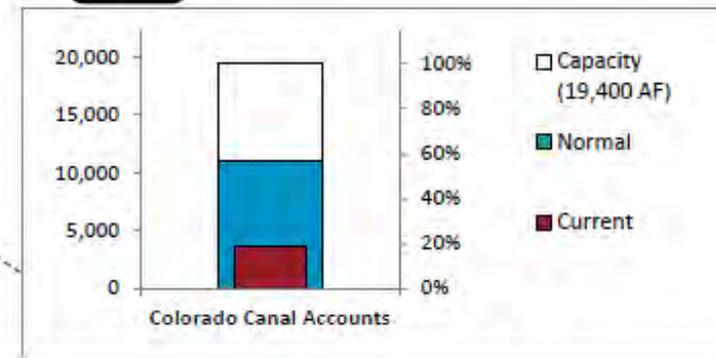
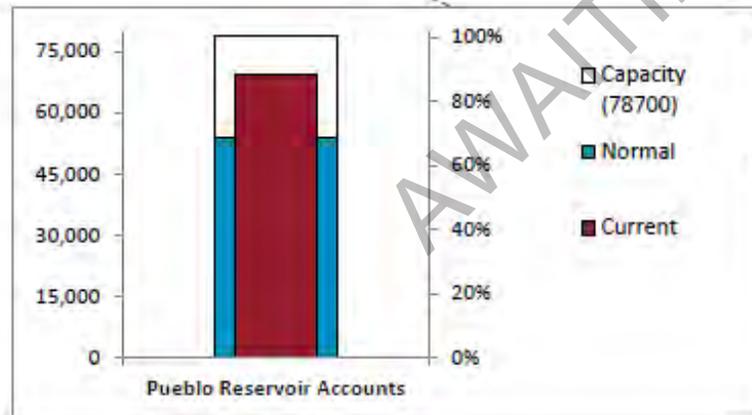
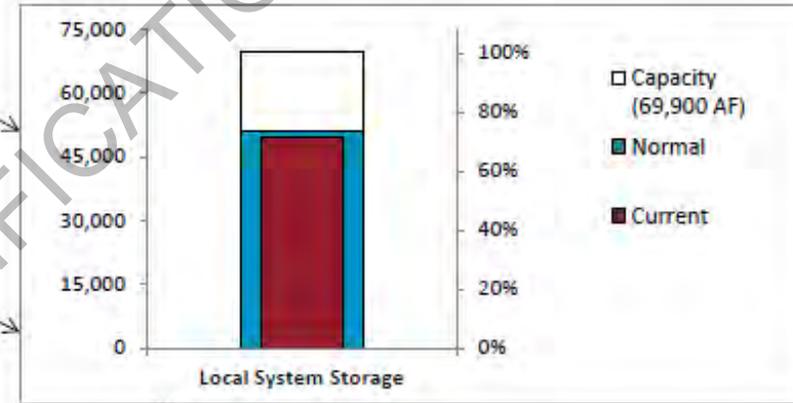
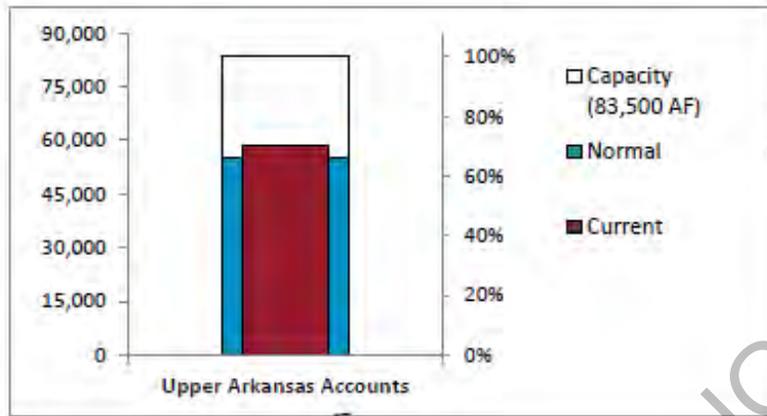
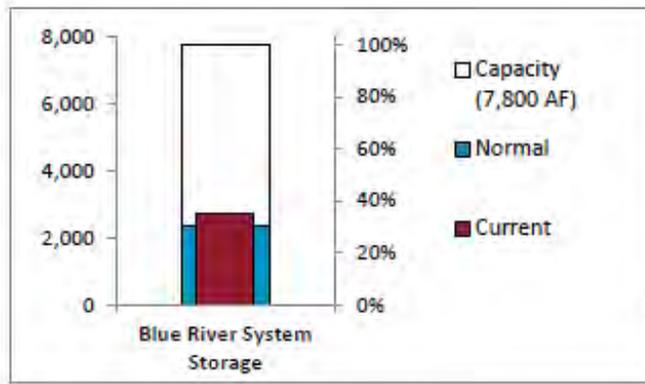
February 28, 2023 : 184,600 af

71.2 %

2001-2022 avg : 173,400 af

66.9 %

Average YTD Demand : 43.3 MGD

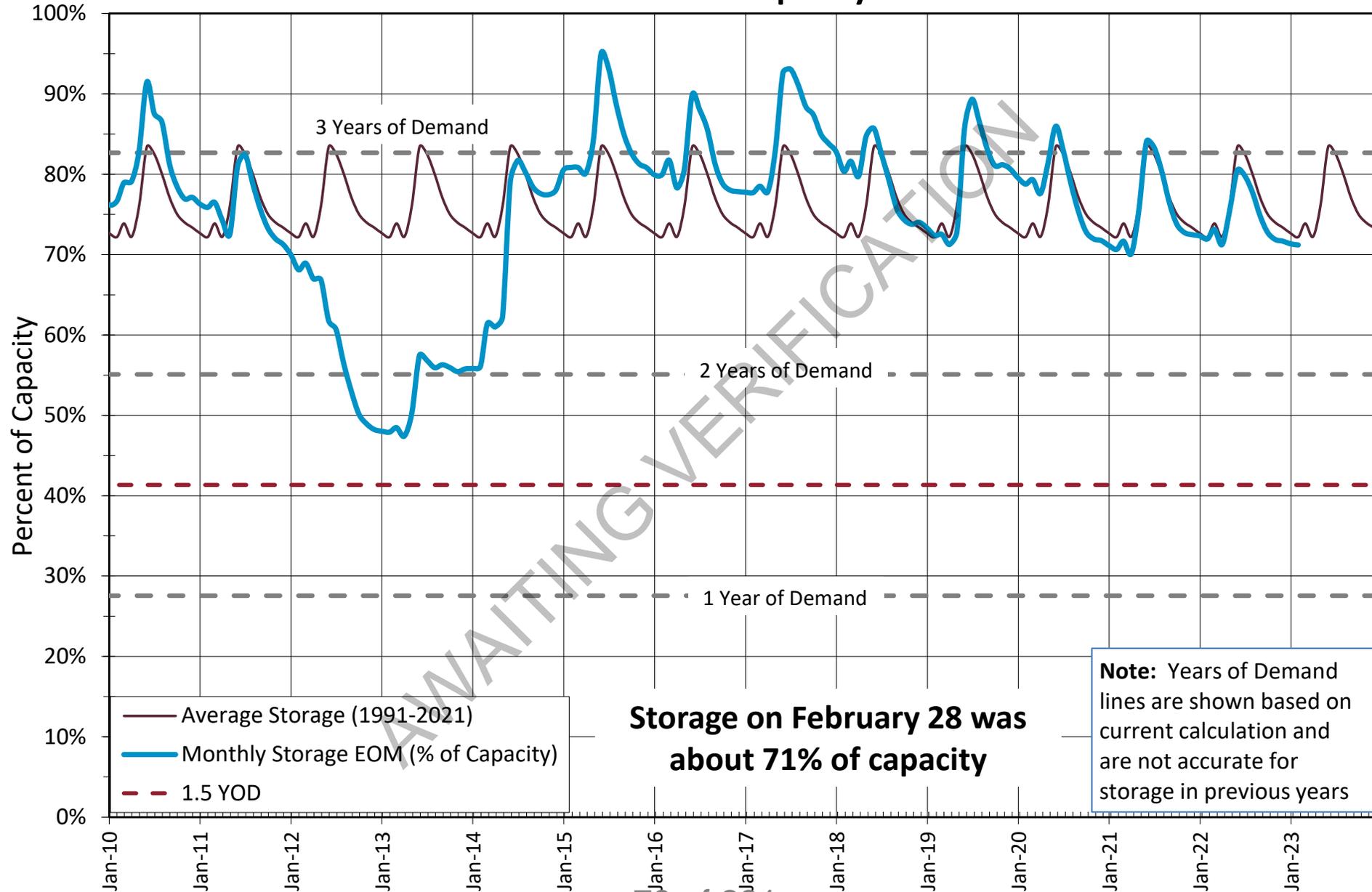


MAX. 20 MGD

MAX. 68 MGD



Monthly Storage Percent of Capacity



2023 Regional Water Contracts

Donala Water & Sanitation District

- Through February 28, 2023: Conveyed 0.0 AF for \$0
- Premium to Municipal Government: \$0

Security Water District

- Through February 28, 2023: Conveyed 0.0 AF for \$0
- Premium to Municipal Government: \$0

Note: Donala and Security water district contracts expired on 12/31/2022. Currently under revision.

Outside Service Area Augmentation Leases - PF, LLC (Seven Falls), Emerald Valley Ranch

- Through February 28, 2023: Leased 8.5 AF for \$4,748
- Premium to Municipal Government: \$791

Total 2023 YTD Revenue from Regional Contracts: \$4,748



Water Outlook

- Situation Outlook Summary
 - System-wide storage at 71% of capacity, slightly below our long-term average
 - About 2.6 years of demand in storage, based on the past 3 years of demand
 - Have 240 days of demand in local storage
- Three-month outlook predicts
 - Higher chances for above-averages temperatures across southern Colorado
 - Higher chances of below-average precipitation across most of Colorado
- We continue to monitor snowpack, demand and storage to maximize available water supply



Colorado Springs Utilities[®]
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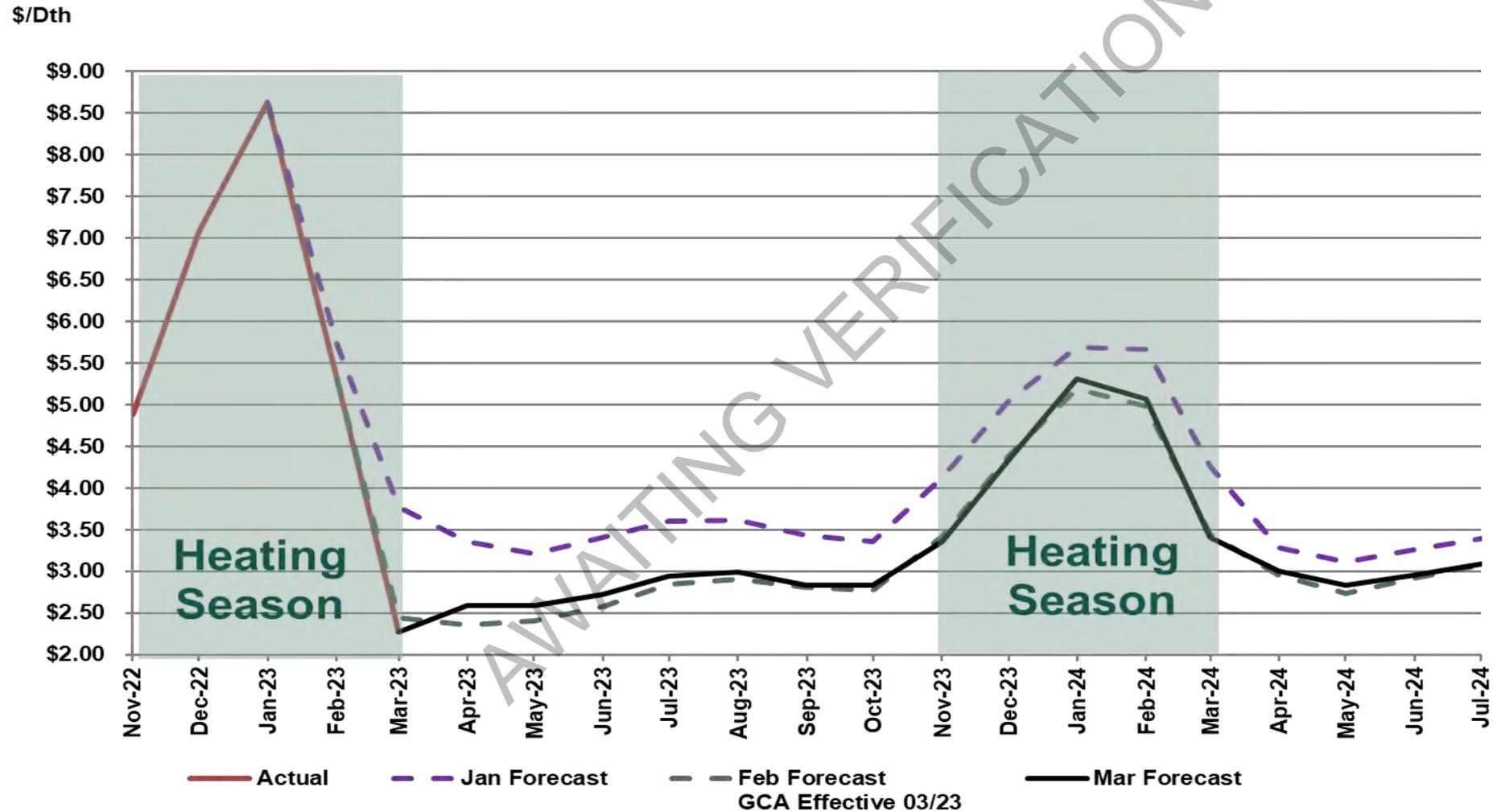
Colorado Springs Utilities
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Electric Cost Adjustment Gas Cost Adjustment

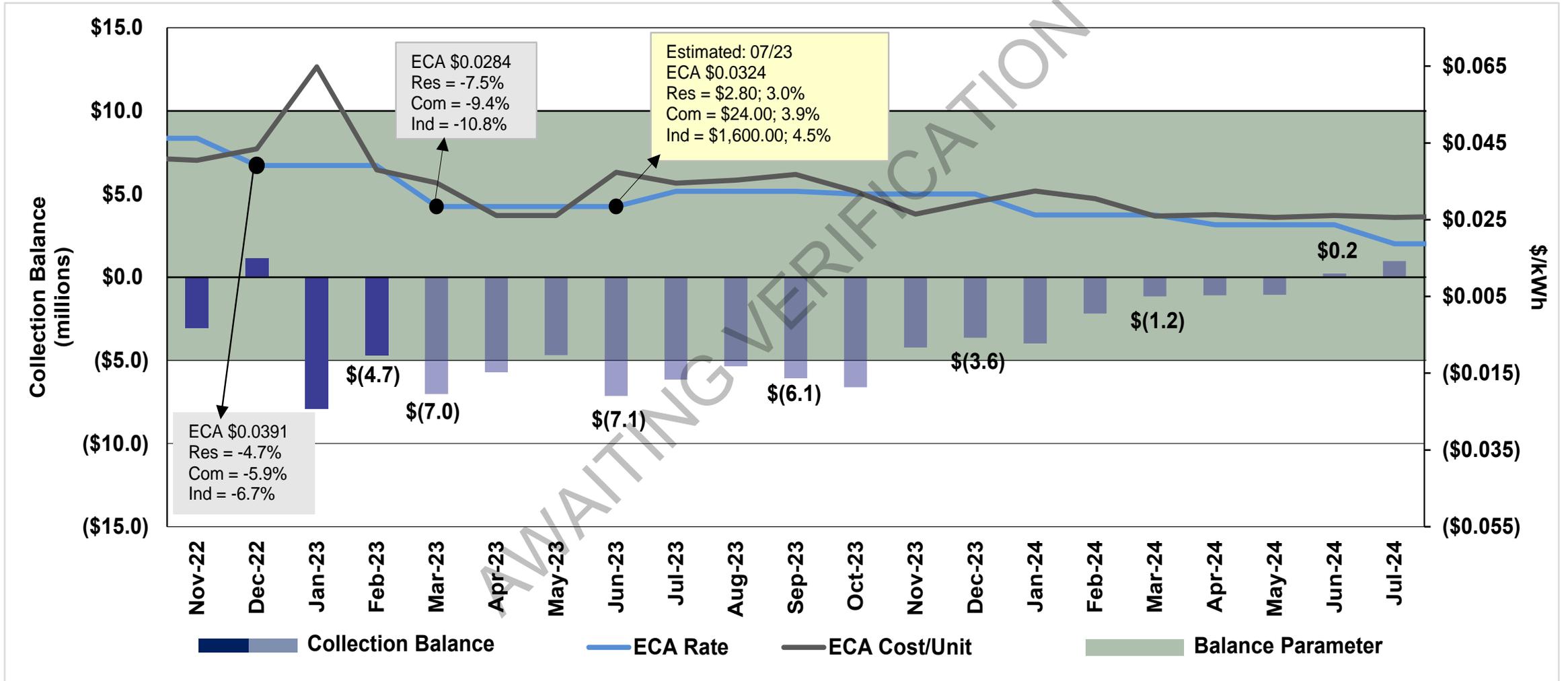
Scott Shirola, Pricing and Rates Manager

March 22, 2023

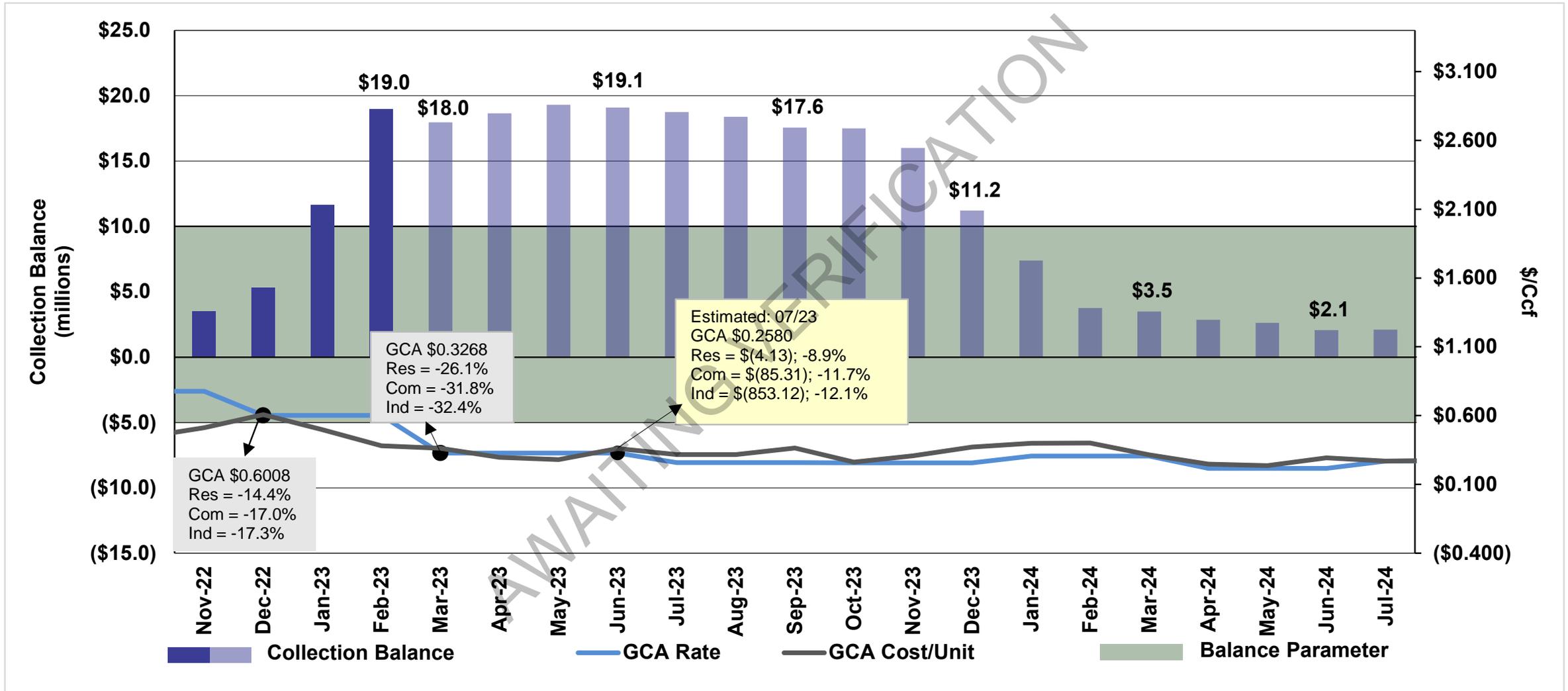
Natural Gas Prices as of March 1, 2023



ECA Projections March 2023



GCA Projections March 2023





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AWAITING VERIFICATION

Board Memo Agenda Item

Staff Report

Date: March 22, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Affordable Housing Program Report

NARRATIVE:

Desired Action: Discussion

Executive Summary: In 2022, six affordable housing projects were constructed in Colorado Springs, resulting in 778 additional units. Utility fees for all projects totaled \$1.5 million and \$395,000 was off-set based on scoring criteria, which includes electric and water conservation measures.

At least five affordable housing projects are expected in 2023, resulting in 420 additional units.

Benefits: Supports economic vitality by providing community workforce affordable housing.

Board Policy: I-5 Economic Development and G-10 Affordable Housing

Cost/Budget: Approximately \$400,000

Affected Parties: City Community Development Division

Alternatives: NA

Submitter: Matt Dudden

Email address: mdudden@csu.org

Division/ Department: Office of Economic Development / Customer Enterprise Services

Phone number: 719-668-3812

Date submitted: March 1, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 8

AFFORDABLE HOUSING UPDATE



Affordable and Attainable Multi-Family Rental Housing Fee Rebate Program (Rebate Program)

Katie Sunderlin

Senior Affordable Housing Coordinator
Community Development Division

REBATE PROGRAM SCORING



50 Possible Points	Category
10	Percent of Units Reserved for 50% AMI and below
10	Ongoing Affordability
3	1 additional point for every unit above Section 504 requirements
5	Units Set-Aside for Special Needs Populations or Veterans Experiencing Homelessness
4	Incorporates 7 principles of Universal Design
8	Alignment with City Planning Documents Including PlanCOS and HomeCOS
4	Located in High Opportunity Neighborhood (Childhood Opportunity Levels)
6	Incorporation of CSU Conservation Programs

Score	Fee Rebate
46-50	100%
41-45	80%
36-40	60%
31-35	40%
26-30	20%
25 and below	0%

PREVIOUS CONSERVATION SCORING



COMMONLY ALREADY INCLUDED IN PROJECTS:

- Boiler 85% AFUE
- Central Air Conditioners
- Attic Insulation R49 or R60
- Wall Insulation R19 or R23
- Windows and Exterior Doors Energy Star Rated
- Toilets \leq 1.1 gallons per flush or 0.8 gallons per flush

COMMONLY ADDED TO PROJECTS:

- Smart Irrigation Controller Water Sense Certified
- Turfgrass Irrigation Nozzles High Efficiency from approved list

UPDATED CONSERVATION SCORING



CSU Energy/Water Efficiency Options	Minimum Rating	Points Awarded (up to 6)
Furnace	95% AFUE	1
Cold Climate Heat Pumps in units	NEEP listed	3
Heat pumps in unit with gas backup heat	Energy Star HKP and Energy Star Furnace	2
Heat pumps in unit with electric backup heat	Energy Star	1
Gas Water Heater	≥ 0.71 UEF & Energy Star	1
Heat Pump water heater	Energy Star	3
Full electrification	No Gas Service to Building	3
Attic Insulation	R60	1

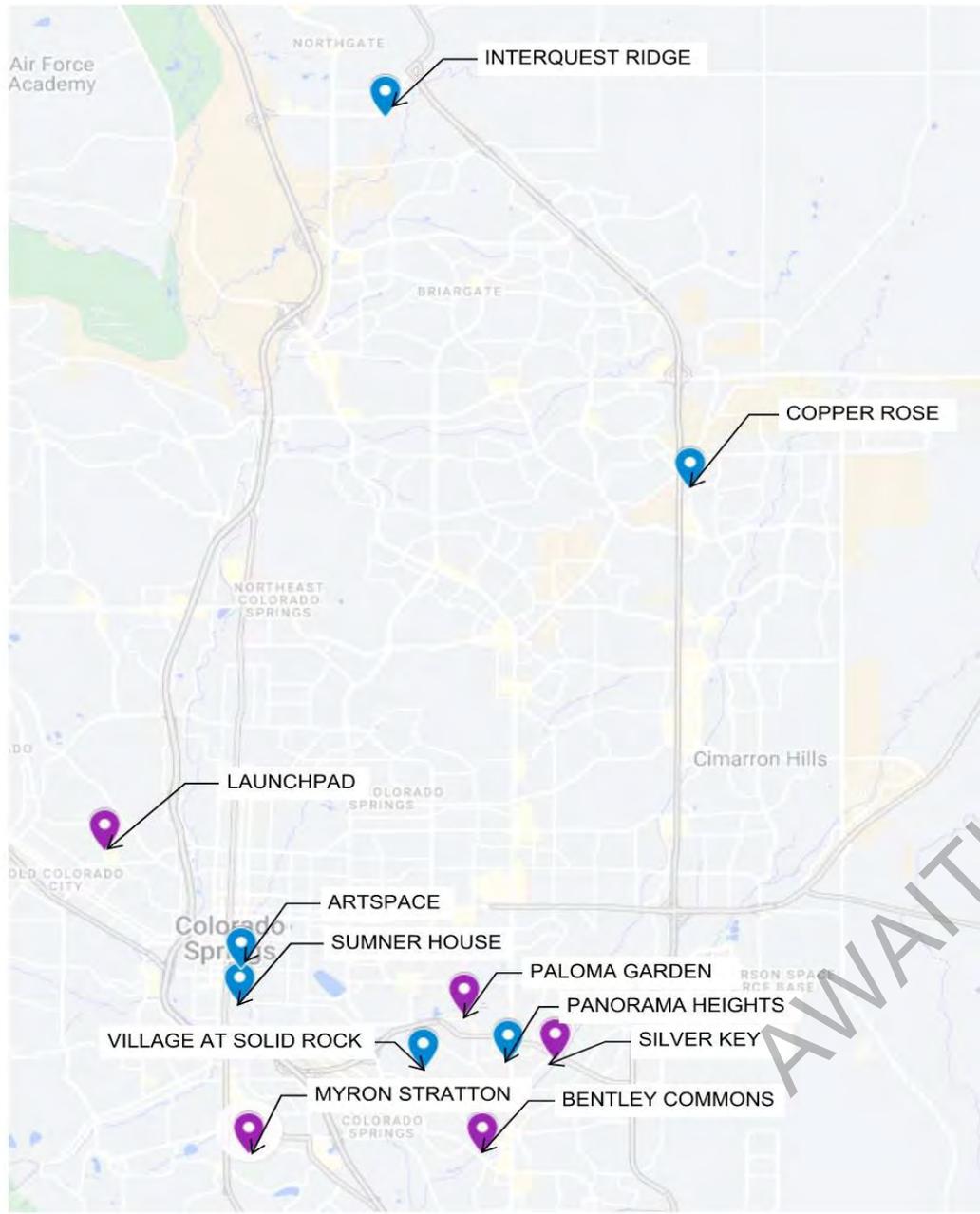
CSU Energy/Water Efficiency Options	Minimum Rating	Points Awarded (up to 6)
Wall Insulation	R23	1
Windows and Exterior Doors	Energy Star Rated	1
Renewable Energy	1 pt per 20% of expected electrical load	1 - 5
Smart Irrigation Controller	Water Sense Certified	1
Turfgrass Irrigation Nozzles	High Efficiency Nozzles from the approved list	1
Toilets	≤ 1.1 gallons per flush or 0.8 gallons per flush	1 or 2
Showerheads and bathroom faucets	Showerheads: ≤ 1.5 gallons per minute AND faucets/aerators: ≤ 0.5 gallons per minute	1
Smart leak detection device	Must shut water off automatically or remotely when leak is detected.	2

REBATE COMMITMENTS

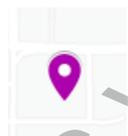


2022 CSU Rebates				
Project	Number of Units	Total Utilities Fee	Fee Rebate %*	Utilities Rebate
Village at Solid Rock	77	\$ 119,458.00	20%	\$ 23,891.60
Sumner House	95	\$ 119,458.00	40%	\$ 47,783.20
Interquest Ridge	240	\$ 761,217.68	20%	\$ 146,032.94
Copper Rose	182	\$ 301,211.85	20%	\$ 60,003.57
Panorama Heights	133	\$ 195,933.23	60%	\$ 117,559.94
Artspace	51	\$ 151,591.00	20%	\$ 30,318.20
Totals	778	\$ 1,497,278.76		\$ 395,271.25

2023 CSU Rebates Anticipated				
Project	Number of Units	Approx. Total Utilities Fee	Fee Rebate %*	Approx. Utilities Fee Rebate
Paloma Garden	125	\$ 176,151.00	80%	\$ 140,920.80
Bentley Commons	195	\$ 352,098.62	60%	\$ 211,259.17
Launchpad	50	\$ 89,678.77	80%	\$ 71,743.02
Silver Key	50	\$ 90,000.00	60%	\$ 54,000.00
Myron Stratton	30	\$ 23,250.00	60%	\$ 13,950.00
Totals	420	\$ 731,178.39		\$ 477,922.99



UNDER CONSTRUCTION



PRE-CONSTRUCTION/DESIGN

AWAITING VERIFICATION



COUNCIL: STEPHANIE FORTUNE
REBATE: 40% \$47,783.20

- Central Air Conditioners
- Cold Climate Heat Pumps
- Electric Water Heater
- Attic Insulation
- Wall Insulation R19
- Energy Star Windows and Doors
- Toilets with < 1.1 gallons/flush



COUNCIL: YOLANDA AVILA

REBATE: 80% \$140,920

- Solar Panels
- Central Boiler
- Wall Insulation R23
- Water Sense Smart Irrigation
- High Efficiency Turfgrass Nozzles



COUNCIL: RANDY HELMS
REBATE: 80% \$146,032.94

- Solar Panels
- Central Boiler
- Wall Insulation R23
- Water Sense Smart Irrigation
- High Efficiency Turfgrass Nozzles



COUNCIL: MIKE O'MALLEY
REBATE: 20% \$60,003.57

- R49 Attic Insulation
- R19 Wall Insulation
- Smart Irrigation
- High Efficiency Turfgrass Nozzles

SUMMARY



SUCCESS FROM FIRST YEAR:

- Easy to administer program
- Increased number of fully accessible units and energy efficient buildings
- “This rebate increased the feasibility of our development, especially in an increasing interest rate and construction cost environment” – Interquest Ridge
- “In a challenging environment of rising interest rates and construction costs, all support available helps make the creation of affordable housing possible. The rebate is one of many efforts made by the City and Utilities that helped make Copper Rose a reality.” – Copper Rose

LESSONS LEARNED:

- Room for more stringent conservation measures
- Allowance for electric master meter
- Early communication with development teams drives better outcomes



Katie Sunderlin

Katie.Sunderlin@ColoradoSprings.gov

Senior Affordable Housing Coordinator

Community Development Division

AWAITING VERIFICATION

**EXECUTIVE AGREEMENT
BETWEEN
THE CITY OF COLORADO SPRINGS, ON BEHALF OF ITS COMMUNITY DEVELOPMENT
DIVISION
AND
THE CITY OF COLORADO SPRINGS, ON BEHALF OF ITS ENTERPRISE, COLORADO
SPRINGS UTILITIES
ADDRESSING THE ADMINISTRATION OF A MULTI-FAMILY AFFORDABLE AND
ATTAINABLE RENTAL HOUSING FEE OFFSET**

This Executive Agreement ("Agreement") is made and entered into this seventeenth day of November, 2021 by and between the City of Colorado Springs on behalf of its Community Development Division (the "City"), whose address is 30 S. Nevada, Colorado Springs, CO 80903, and Colorado Springs Utilities ("Utilities"), an enterprise of the City, whose address is 121 N. Tejon St, Colorado Springs, Colorado 80903, both the City and Utilities hereinafter collectively referred to as the "Parties."

Recitals:

WHEREAS, the City beginning January 1, 2022 is establishing the Multi-Family Affordable and Attainable Rental Housing Fee Offset ("Program"), Utilities will contribute \$2,000,000 per year commencing in 2022, for the term of the Agreement for use in the Program as addressed herein;

WHEREAS, the Program is designed to address the need for affordable and attainable rental housing within the City of Colorado Springs through providing funds that can be accessed by qualifying projects to assist with the cost development related charges associated with multi-family rental, affordable and attainable housing projects;

WHEREAS, the Program will be administered by the City in accordance with the City's Program Guidelines;

WHEREAS, the Program does not constitute a fee reduction or waiver mechanism, but provides eligible affordable and attainable housing projects the opportunity to receive funds to offset portions of fees and charges;

WHEREAS, the funds provided by Utilities to the Program will be used only to offset a portion of the utility fees and infrastructure expenses incurred for the development of qualifying, affordable and attainable housing units;

WHEREAS, the Parties agree that Utilities will pay an administrative fee to the City for the expenses of administering the portion of the Program related to Utility Infrastructure and that fee will be paid from Utilities' overall annual contribution to the Program;

NOW, THEREFORE, in consideration of the promises, mutual covenants and agreements contained herein, the Parties agree as follows:

Agreement:

1. **Incorporation of Recitals.** The above recitals are hereby incorporated by reference.

2. **Scope.** Through this Agreement, the Parties agree that:

- a. Utilities will provide the City funds annually for the Program to be distributed to affordable and attainable housing projects for the development of utility infrastructure needs to include, but not necessarily limited to, utility infrastructure costs, development fees, sustainability costs, and/or conservation measures (collectively "Utility Infrastructure");
- b. The City will distribute the funds in accordance with parameters set forth herein and within Program documentation;
- c. An agreed upon portion of the annual funds provided by Utilities will be retained by the City to compensate the City for the administrative costs associated with performing the Utility Infrastructure portion of the affordable and attainable housing program;
- d. Any unused Program funds provided by Utilities will roll over to be used in the following year so long as this Agreement is in effect; at the conclusion of this Agreement, any unused funds will be returned to Utilities;
- e. The Parties will meet no less regularly than annually to review work done under the affordable and attainable housing program and address future needs and Program changes; and
- f. The City will provide an annual report to Utilities.

3. **Term.** This Executive Agreement shall commence on the date executed below and run until December 31, 2022. Prior to the conclusion of the term, the Parties shall evaluate and negotiate in good faith any desired renewals.

4. **Responsibilities of Colorado Springs Utilities.** Utilities will have the following duties and responsibilities under this Agreement:

- a. Annual Funds: Following the annual appropriation of funds by the Colorado Springs City Council, Utilities will provide the funds agreed to in the attached and incorporated **Exhibit A** to the City when invoiced each year.
- b. Programmatic Obligations: Utilities will provide consultation, support, and services to affordable and attainable housing projects as Utilities provides to all similarly situated projects.
- c. Payment for Costs Incurred by the City: Utilities will pay an administrative fee to the City for the expenses of administering the portion of the Program related to Utility Infrastructure and that fee will be paid from Utilities' overall annual contribution to the Program. The fee structure is established in **Exhibit A**.

5. **Responsibilities of the City.** The City will have the following duties and responsibilities under this Agreement:

- a. Program Administration: The City will administer in accordance with its Program Guidelines. The Program Guidelines will be reviewed annually by the Parties.
- b. Annual Report: The City will provide an annual report to Utilities as described further in **Exhibit B**.

- c. Invoicing Costs to Utilities: Administrative fee paid to the City will be calculated in accordance with the attached and incorporated **Exhibit A**.

6. **Additional Terms:**

- a. Unused Funds: Any unused Program funds provided by Utilities will roll over to be used in the following year so long as this Agreement is in effect; at the conclusion of this Agreement, any unused funds will be returned to Utilities.
 - b. Program Audit: Periodic audits of the Program may be requested from and performed by the Colorado Springs Office of the City Auditor.
7. **Entire Agreement**. This Agreement, with the attached and incorporated **Exhibits A and B**, represents the entire agreement between the Parties related to the affordable and attainable housing relationship between Utilities and the City and no additional or different oral representation, promise, or agreement will apply with respect to the subject matter of this instrument unless stated in writing signed by the Parties.
8. **Governing Law**. This Agreement will be construed in accordance with the laws of the State of Colorado, the Colorado Springs City Charter, City Code, Ordinances, Rules and Regulations.

9. **Notice**. All notices necessary or required under this Agreement will be in writing as follows:

If to Utilities: Office of Economic Development Manager
121 S. Tejon Street MC 940
Colorado Springs, CO 80903

If to the City: Community Development Division Manager
30 S Nevada MC 701
Colorado Springs, CO 80903

Notice will be effective upon actual receipt. The Parties may change any address to which Notice is to be given by giving notice as provided above of such change of address.

10. **Dispute Resolution**. In the event of a dispute between the Parties, the people listed as primary contacts above will meet to discuss the dispute and work toward a resolution. In the event a resolution cannot be reached, Utilities' CEO and the Mayor will meet to work to a resolution.
11. **Termination**. Either Party may terminate this Agreement upon 180 days prior written notice to the other Party, which notice shall state the actual termination date. Any termination will not impact commitments made to affordable and attainable housing projects prior to the notice of termination.
12. **Third Party Beneficiary**. It is specifically agreed between the Parties that this Agreement is not intended by any of its terms, provisions, or conditions to create in the public or any individual member of the public a third party beneficiary relationship, or to

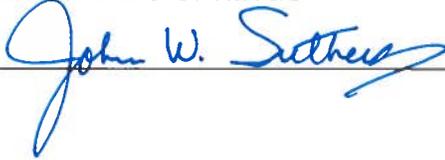
authorize any person not a party to this Agreement to maintain suit for personal injuries or property damage pursuant to the terms, conditions or provisions of this Agreement.

13. **Agreement Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed original and all of which together will constitute one and the same instrument. Facsimile copies of signatures will be permitted for purposes of the binding nature of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first written above.

CITY OF COLORADO SPRINGS

By: _____



COLORADO SPRINGS UTILITIES, an enterprise of the City of Colorado Springs

By: _____



AWAITING VERIFICATION

EXHIBIT A

FUND SCHEDULE AND ADMINISTRATIVE COSTS

1. **Annual Utilities' Program Contribution.** For each calendar year of this Agreement, Utilities will provide \$2,000,000.00 to the City as Utilities' contribution to the Program, minus any funds that are rolled over from prior years.
2. **Administrative Fee Calculation.** As a part of Utilities overall \$2,000,000.00 contribution, Utilities will pay an annual administrative fee to the City. The fee will be one percent (1%) of the total contribution amount, which calculates to be \$20,000.00.
3. **Invoicing.** Prior to Utilities providing its annual contribution, the City will invoice Utilities for the amount to be provided. Each invoice will be for a total of \$2,000,000.00 and will show a break down of costs with \$20,000.00 applicable towards the administrative fee and \$1,980,000.00 for Program funding use as agreed to in this Agreement.

AWAITING VERIFICATION

EXHIBIT B

PROGRAM SPECIFICATIONS

The Parties agree that the Program, as defined in this Agreement, will be subject to Program rules and documentation that establish the criteria included in this Exhibit B. In addition to what is included in this Exhibit B, the Parties will work together to establish additional and/or more detailed Program specifications as the Parties determine to be necessary, prior to and during operation of the Program.

1. General Program Standards.

- a. **Use of Utilities Provided Funds.** Program funds provided by Utilities will only be awarded and used for the development of Utility Infrastructure.
- b. **Use of Non-Utilities Provided Funds.** Funds budgeted by the Planning and Community Development Department and/or contributed by other entities will be used to offset a variety of other development charges, exclusive of Utility Infrastructure, that accrue to individual projects.
- c. **Project Monitoring.** Projects financed with Low-Income Housing Tax Credits or other forms of federal subsidy, as well as projects with assurances of ongoing affordability, will be monitored annually according to federal regulations governing housing development finance programs. Projects found to be non-conforming will be subject to recapture of funds, as established in applicable agreements with fund recipients.
- d. **Annual Report.** Annually, the Community Development Division of the City will prepare a report to the City of Colorado Springs City Council and the Colorado Springs Utilities Board of Directors detailing the number of project applications, amount of funds awarded to offset fees, use of the funds, and project outcomes. The report will coincide with preparation of budget line items for the coming year.
- e. **Application Submittals.** Applications for grant funds to offset eligible charges will be accepted while funding is available.
- f. **Application Requirements.** Applications considered for grant funds are multi-family rental projects within the Colorado Springs Utilities service area and the City of Colorado Springs City limits with all units reserved for residents under 120% AMI. The program rules can establish additional requirements.

2. Program Application Evaluation.

- a. **Evaluation Process.** Staff from the City's Community Development Division will evaluate project application promptly following submittal based on the Program rules, which will include the evaluation criteria listed below.
- b. **Evaluation Criteria.** The Program rules and documentation will fully define the application evaluation criteria. If the Parties determine through the required annual program evaluation that the criteria require reconfiguration and/or reweighting, the Parties will work in good faith to create such revisions and update the Program rules and documentation as applicable. The criteria will consist of a number of qualifications, including the following:
 - i. Number of units affordable to households earning 50% or less of the area median income (AMI);
 - ii. Ongoing affordability period;
 - iii. Exceed the minimum requirements of Section 504, reserve units for HUD special needs or Veteran populations, or incorporate Universal Design;
 - iv. Alignment with City planning documents, including PlanCOS and HomeCOS;
 - v. Located in a high opportunity area within Colorado Springs; and
 - vi. Project exceeds general building code standards related to energy efficiency and water conservation.
- c. **Fund Award Amount Criteria.** Based on the evaluation of a project's application, the project may be eligible for Program funds. The available funds for cost offsets will be based on (1) the applicable costs of the project and (2) the projects score based on the application evaluation. The Program documentation contains full detail of the criteria for award amounts and associated weighting.

3. Program Fund Awards.

- a. **First-Come, First-Serve.** Payment of the Program funds provided by Utilities for the purpose of offsetting Utility Infrastructure will be provided on a first-come, first-serve basis for those projects that submit applications and meet the relevant standards. Completed projects are ineligible.
- b. **Funding Requirements.** Funding will be committed to projects at time of payment of development charges.
- c. **Project Fund Cap.** The amount of funds a project is eligible to receive for Utility Infrastructure purposes will not exceed \$3,000.00 per unit of affordable housing developed.
- d. **Fund Payment.** Following the award of Program funds, payments will be available at the point that project incurs eligible and approved costs.

Board Memo Agenda Item

Staff Report

Date: March 22, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Clean Heat Plan Update

NARRATIVE:

Desired Action: Discussion

Executive Summary: Colorado Senate Bill 21-264 requires gas distribution utilities with more than 90,000 customers to submit a Clean Heat Plan to the Air Pollution and Control Division. The Clean Heat Plan shall demonstrate the following:

- Greenhouse gas emission reduction by 4% below 2015 levels or meeting a cost cap of 2% of total full-service gas revenue.
- Greenhouse gas emission reduction by 22% below 2025 levels or meeting a cost cap of 2.5% of total full-service gas revenue.

The Clean Heat Plan must be approved by the Utilities Board and then submitted to the Air Pollution and Control Division by Aug. 1, 2023.

Benefits: Reduce greenhouse gas emissions on natural our gas system and meet state regulations.

Board Policy: I-12 Environmental Stewardship

Cost/Budget: To be determined

Affected Parties: Colorado Springs Utilities' rate payers, environmental advocacy groups, disproportionately impacted communities, Colorado Energy Office and other stakeholders.

Alternatives: N/A

Submitter: David Longrie	Email address: dlongrie@csu.org
Division/ Department: System Planning and Projects/ Infrastructure and Resource Planning	Phone number: 719-668-8776
	Date submitted: Feb. 2, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	ITEM NO. 9
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Colorado Springs Utilities
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Clean Heat Plan

Utilities Board

March 22, 2023

Clean Heat Plan (CHP) Overview

- Senate Bill 21-264, signed June 2021
- Requires gas utilities to adopt programs to reduce greenhouse gas emissions
- 4% carbon emission reduction by 2025 with 2% cost cap
- 22% carbon emission reduction by 2030 with 2.5% cost cap of retail sales revenue
- Public process will educate and bring awareness to our customers of the requirements and the incentives available
 - Key stakeholders include environmental advocacy groups and disproportionately impacted communities
 - Reporting to the CDPHE detailing a robust public process

How CHP relates to existing plans

Clean Energy Plan - Senate Bill 19-236

- Requires electric generation utilities to reduce greenhouse gases (GHG) emissions 80% by 2030 from 2005 levels
- CHP activities, specifically electrification, will increase the loads on the electric generation system and must be considered to ensure successful implementation of both plans
- Colorado Springs Utilities voluntarily submitted Clean Energy Plan to create a “safe harbor”
- Utilities required to submit Clean Heat Plan
- Integrated Resource Plans
 - Gas Integrated Resource Plan (GIRP) evaluates, identifies, and plans for the acquisition or capital investment of existing and future resources to meet peak-day and peak-hour supply and delivery requirements over a 30-year planning horizon
 - Clean Heat Integrated Resource Plan evaluates overall annual gas use and methods to reduce GHG to meet the CHP

Regulatory Considerations

- Regulatory differences
 - Investor-owned utilities - Colorado PUC
 - Colorado Springs Utilities – COS City Council
- Specific directions were provided to evaluate IOUs CHPs
 - Colorado Springs Utilities, as a municipal utility, must set rules for compliance within legislative provisions that show compliance to PUC direction as applicable
 - Colorado Springs Utilities' CHP will be verified by the CDPHE

Examples of Definitions and Decisions

Topic	Senate Bill 21-264 Direction	IOU Direction	Utilities Proposed Direction
Cost Cap	Provides a cost cap of 2% or 2.5% (plan year dependent) total annual revenue from full-service gas customers	No direction provided	2% or 2.5% (plan year dependent) of 2015 billed revenue from full-service gas customers
Full-service customers	Provides a cost cap of 2% or 2.5% (plan year dependent) total annual revenue from <u>full-service gas customers</u>	A full-service customer is a customer who receives sales service from a utility excluding transport customers	A full-service customer is a customer who receives sales service from a utility excluding Part 98 reporters, power plants served by the LDC under CEP, and transportation customers

CHP Public Process

As directed by Division & State Attorney General:

- CHP must include a robust public process
- Public process will educate and bring awareness to our customers of the requirements and the incentives available
 - Key stakeholders include environmental advocacy groups and disproportionately-impacted communities
 - Reporting to the CDPHE detailing a robust public process
- Stakeholders will be able to provide feedback that will be taken into consideration before submittal of CHP



Reduction Tools

- Primary sources of emission reduction
 - Energy efficiency
 - Beneficial electrification of customer end uses
 - Cost-effective leak reduction on distribution system
- Potential future solutions for further emission reductions
 - Biomethane (Renewable Natural Gas)
 - Green hydrogen
 - Recovered methane
 - Limited to 1% of initial 4% and no more than 5% of the total reduction

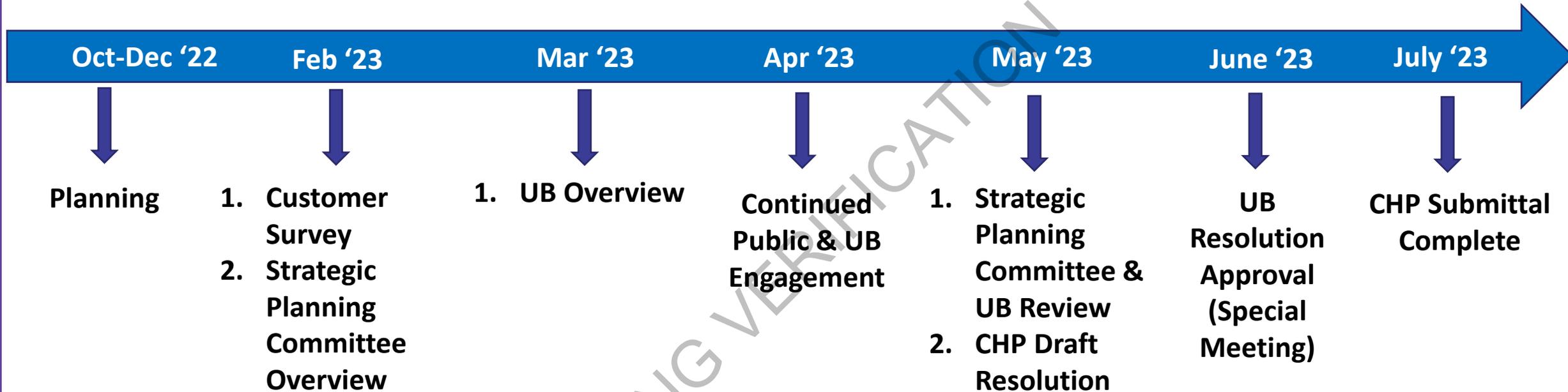
Current Energy Efficiency and Beneficial Electrification Offerings

Program	Description
Builder Incentive Program (BIP)	Provides builders with incentives based on efficiency of the home and enhanced building techniques including electrification
Home Efficiency Assistance Program (HEAP)	Provides efficiency services to income qualified homeowners' homes, free to the customer
Energy Star Wi-Fi Thermostat	Provides rebates to customers for purchasing an Energy Star Wi-Fi thermostat
Heating Ventilation and Air Conditioning (HVAC) Rebates	Provides rebates to customers for purchasing an Energy Star natural gas furnace, Energy Star heat pump, or a cold climate heat pump
Insulation and Air Sealing	Provides rebates to customers for upgrading insulation to current building standards and sealing any air gaps between conditioned and non-conditioned spaces
Water Heater	Provides rebates to customers for purchasing an Energy Star natural gas water heater or a hybrid heat pump water heater
WaterSense Showerhead	An exchange program for customers to exchange old, high-use showerheads with low-flow WaterSense showerheads

Plan Progress

- Clean Heat Plan
 - Calculate 2015 baseline of GHG emissions - COMPLETE
 - Calculate cost cap: 2% of total annual revenue from full-service gas customers - COMPLETE
 - Evaluate and select allowed tools to achieve 4% reduction by 2025 – IN PROGRESS
 - Project GHG emissions through 2050
 - Implement public engagement plan
- Started development of narrative and workbook

Clean Heat Plan Planning Horizon



*Submit Plan to the Colorado Department Public Health and Environment (CDPHE) for verification no later than **August 1, 2023**



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AWAITING VERIFICATION

Board Memo Agenda Item

Staff Report

Date: March 22, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Regional Water Agreements

NARRATIVE:

Desired Action: Discussion

Executive Summary: Colorado Springs Utilities staff will be informing the Utilities Board about three long-term regional convey, treat, and deliver water service agreements at the March 22, 2023 Utilities Board Meeting. Should the Utilities Board approve of the agreements, they will go for City Council approval at the March 28, 2023 City Council meeting.

- Donala Water and Sanitation District – Long-Term Convey, Treat, and Deliver Regional Water Service Agreement. Springs Utilities has provided convey, treat, and delivery services for Donala for more than a decade under short-term contracts.
- Security Water District – Long-Term Standby Regional Water Service Agreement. A Standby Agreement would allow Springs Utilities to continue to convey, treat, and deliver water owned or leased by Security to be delivered as needed by Security.
- Triview Metropolitan District – Long-Term Convey, Treat, and Deliver Regional Water Service Agreement. A new regional water service agreement that would allow Springs Utilities to convey, treat, and deliver water owned by Triview to be delivered at a new interconnect at Springs Utilities' Highway 83 tank.

Benefits: These long-term (25 year) regional water services agreements will be consistent with current regional policy and regional tariffs and will provide a positive revenue benefit to customers.

Board Policy: Water Supply Management (I-7)

Cost/Budget: Gross revenue under the proposed Regional Water Services Agreements will be approximately \$2.4 million per year once Triview Metropolitan District is receiving water deliveries.

Affected Parties: Colorado Springs Utilities, Donala Water and Sanitation District, Security Water District, and Triview Metropolitan Districts and their customers

Alternatives: N/A

Submitter: Jenny Bishop	Email address: jbishop@csu.org
Division/ Department: System Planning & Projects / Water Resource Planning	Phone number: 719-668-8575
	Date submitted: Feb. 28, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 10



Colorado Springs Utilities
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Regional Water Agreements

March 22, 2023 Utilities Board Meeting

Jenny Bishop, P.E.

SPP Planning

Agenda

1. Background Regional Service Contracts
2. Donala Water and Sanitation District
3. Security Water District
4. Triview Metropolitan District
5. Next Steps

Board Policy I-7

- Adopted in 2020
- Requires regional service contracts to provide a net benefit to Utilities and its ratepayers, appropriately balancing costs and risks, and recognizing historic and planned investments.
 - Requires a premium on rates above what in-city customers pay.
 - Reflected in Regional Service Tariffs
- Requires an evaluation of impacts to system reliability, level of service, and resource availability based on a 10-year planning horizon.
 - Allows Utilities to require mitigation and impose terms that offset impacts and risks.
- Cannot exceed a 25-year term.

Agreement Terms and Conditions

- 25-year terms
- Convey, treat, deliver contracts
 - We are delivering water owned by the entities
- Springs Utilities may amend or renegotiate the agreement if:
 - Delivery requests exceed limits in agreements
 - A different type of service is needed
- Springs Utilities may interrupt service if needed
- No negative impact to Springs Utilities

Regional Water Service Financials

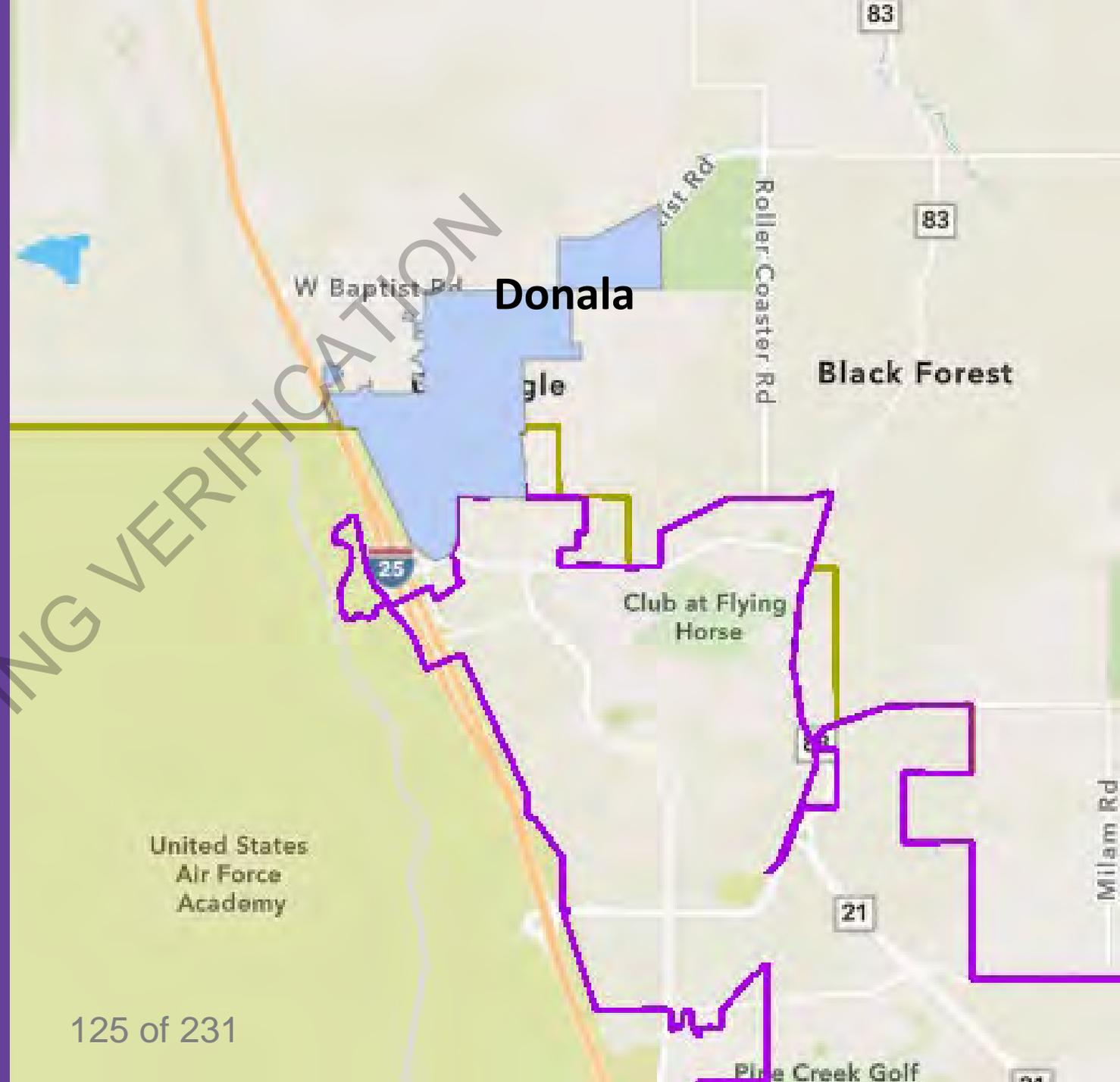
Consistent with Regional Tariffs and URRs

- System Availability Fee (WRSAF)
 - Consistent with URRs and agreements
 - Set for term of contract
- 2023 Convey, Treat, and Deliver Commodity Charge
 - \$0.0622 per cubic foot
 - \$2,709.43 per acre foot
 - Changes consistent with Tariff Rate Cases

Approximately \$2.4 Million in revenue each year once Triview begins receiving deliveries

Donala Water and Sanitation District

- Located north of Colorado Springs and east of I-25
- Approximately 2,600 customers
- Short-term agreements since 2011



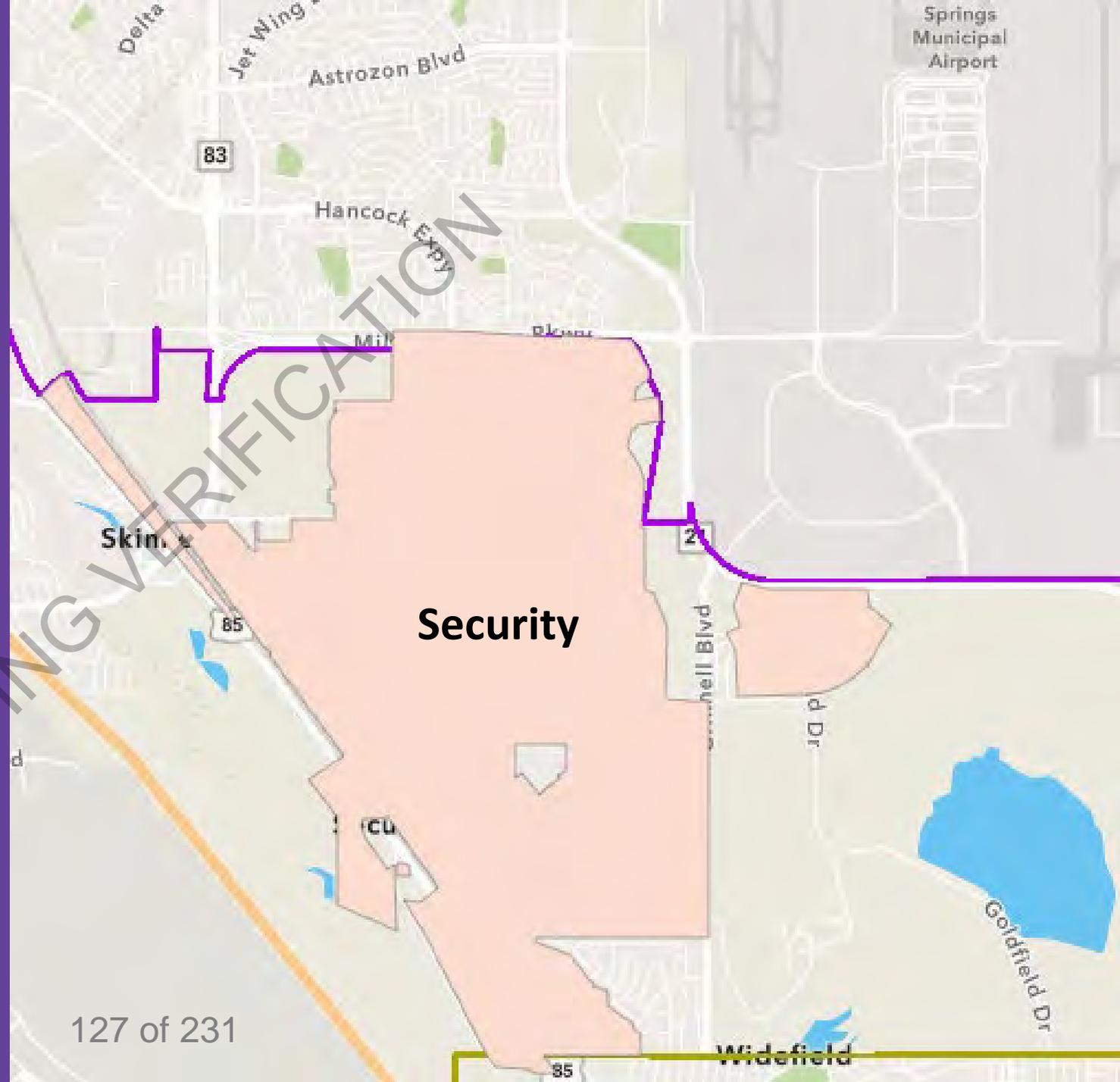
Convey, Treat, and Deliver Regional Water Agreement

- Convey water owned or controlled by Donala
- Up to 1,000 acre-feet of deliveries per year
- Existing connection
- 25-year contract

- Estimated Revenue based on typical delivery of 200 AF/year
 - WRSUF = \$183,533
 - Commodity Charge = \$541,866
 - Total \$725,420

Security Water District

- Located south of Colorado Springs and east of I-25
- Approximately 7,750 customers
- Short-term agreements since 2017



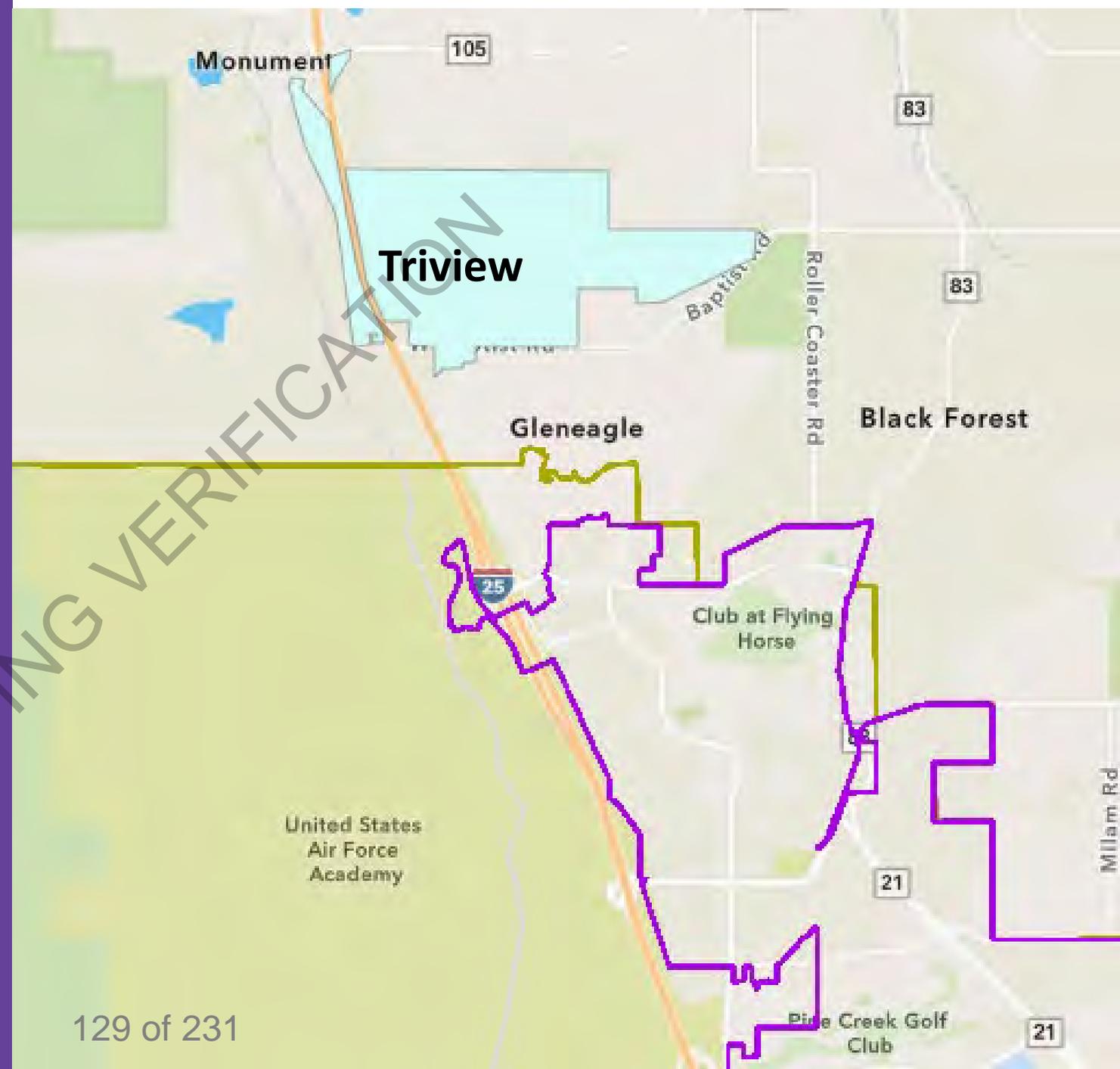
Standby Regional Water Agreement

- Convey water owned or controlled by Security
- Up to 2,800 acre-feet of deliveries per year
- Existing connection
- Intended to be used on a temporary, as-needed basis

- Estimated Revenue based on WRSUF
 - WRSUF = \$33,330
 - Commodity Charge = Based on any water deliveries made

Triview Metropolitan District

- Located north of Colorado Springs
- Approximately 2,150 customers
- New water service agreement

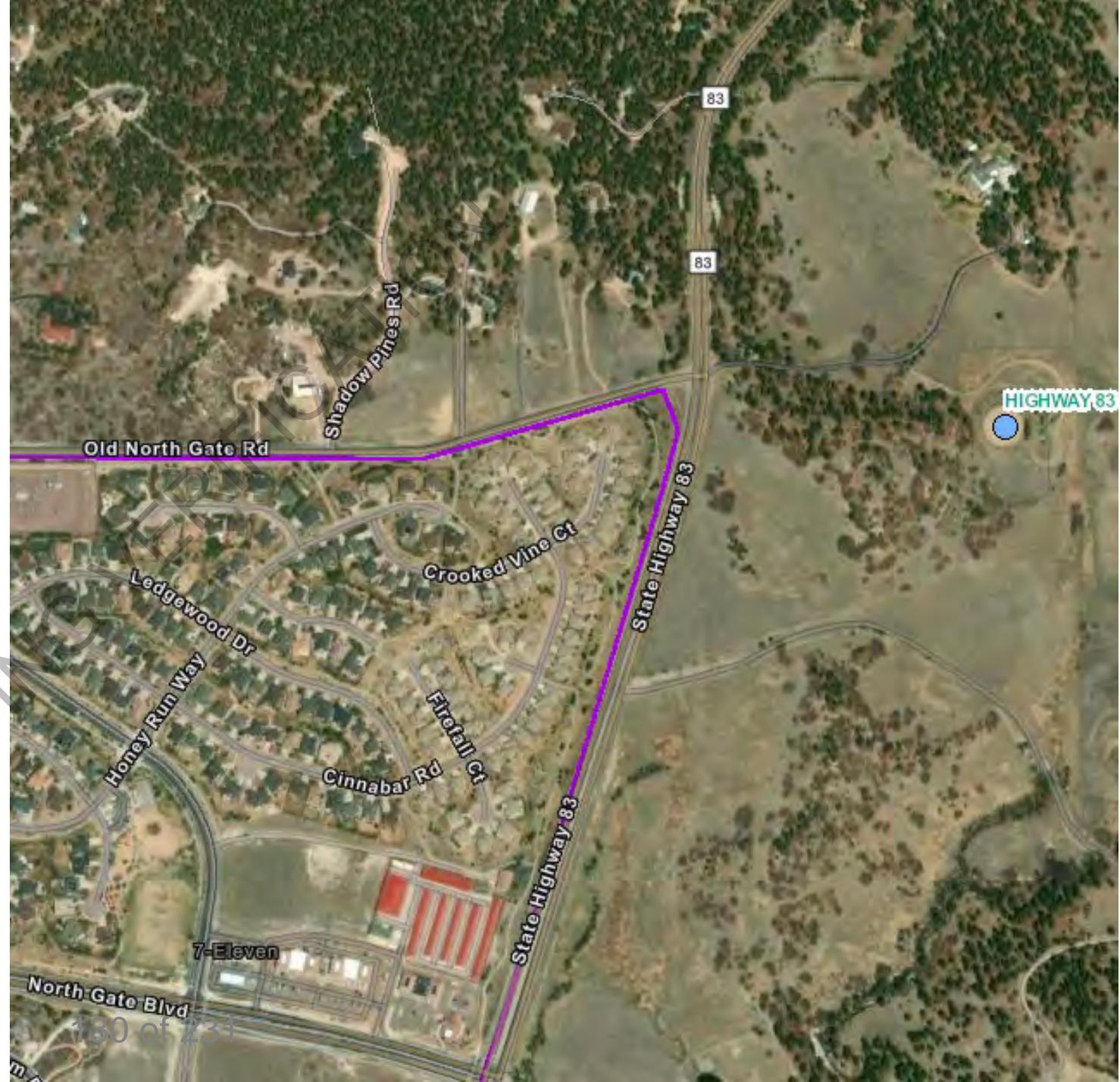


Convey, Treat, and Deliver Regional Water Agreement

- Convey water owned or controlled by Triview
- Up to 2,200 acre-feet of deliveries per year
- New interconnect at Utilities' Highway 83 tank

Estimated Revenue per preliminary demands at 400 AF/year

- WRSUF = \$564,393
- Commodity Charge = \$1,083,772
- Total = \$1,648,165



Next Steps

Submit agreements for consideration by City Council

1. Long-Term Convey, Treat, and Deliver Water Service Agreement with Donala Water and Sanitation District
2. Long-Term Convey, Treat, and Deliver Standby Water Service Agreement with Security Water District
3. Long-Term Convey, Treat, and Deliver Water Service Agreement with Triview Metropolitan District



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AWAITING VERIFICATION

**AGREEMENT BETWEEN COLORADO SPRINGS UTILITIES AND
DONALA WATER AND SANITATION DISTRICT FOR
CONVEY, TREAT, AND DELIVER REGIONAL WATER SERVICE**

THIS AGREEMENT (“Agreement”) is made and entered into by and between Colorado Springs Utilities, an enterprise of the City of Colorado Springs, a Colorado home-rule city and municipal corporation, hereinafter called “UTILITIES,” and the Donala Water and Sanitation District, 15850 Holbein Drive, Colorado Springs, Colorado, hereinafter called the “DISTRICT.” Both the UTILITIES and DISTRICT hereinafter are each individually referred to as “Party” and collectively referred to as the “Parties.”

I. RECITALS

- A.** DISTRICT is a Colorado Statutory water and sanitation district with service boundaries located generally in the area of Gleneagle, outside of, but adjacent to, the City of Colorado Springs. DISTRICT was formed on November 30, 1971 and currently services a customer base of approximately 2,600 taps in the Colorado Springs metropolitan area;
- B.** DISTRICT has purchased renewable water supplies, and intends to increase and further diversify its water supply to meet its long-term water needs and reduce its historic and current reliance on non-renewable groundwater resources;
- C.** UTILITIES currently has infrastructure capacity in its water system; sufficient water transportation displacement, and storage capacity not including UTILITIES’ excess capacity storage space in the Fryingpan-Arkansas Project; and water treatment capacity to provide convey, treat, and deliver interruptible water services to DISTRICT under this Agreement;
- D.** DISTRICT’s Service Area is located outside of the Southeastern Colorado Water Conservation District (“SECWCD”) boundaries. DISTRICT’s Service Area must either be included within SECWCD’s boundaries or DISTRICT must request and receive a written waiver of the inclusion requirement from both SECWCD and the Bureau of Reclamation (“Reclamation”) that Allows DISTRICT to receive delivery of renewable water supplies through UTILITIES’ Water System pursuant to this Agreement without inclusion;

- E. DISTRICT has obtained a Long Term Excess Capacity Storage contract for Pueblo Reservoir from Reclamation, as well as received a Pueblo County 1041 Permit, to be able to receive deliveries from UTILITIES' Water System;
- F. DISTRICT desires to receive Convey, Treat, and Deliver Regional Water Service from UTILITIES to meet the water demands of the DISTRICT;
- G. DISTRICT has an established Point of Connection with UTILITIES at the North Gate Blvd Interconnection;
- H. UTILITIES has sufficient capacity in its Water System to convey, treat, and deliver DISTRICT's Water to DISTRICT at the North Gate Blvd Interconnection;
- I. Pursuant to Section 6-50 (Water Rights) of Article VI (Utilities) of the Charter of the City of Colorado Springs, as amended, the City of Colorado Springs has the authority to buy, exchange, augment, lease, own, and control water and water rights; and
- J. UTILITIES has entered into this Agreement pursuant to Section 12.4.304 (Service: Special Contract) of Article 4 (Water Code) of Chapter 12 (Utilities) of the Code of the City of Colorado Springs 2001, as amended (Ord. 10-76).

II. DEFINITIONS

- A. For the purposes of this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise. Terms not otherwise defined herein shall have the meaning adopted in the latest amendment to the City Code of Colorado Springs Colorado 2001, as amended ("City Code"):
 - 1. **Consecutive System:** The Code of Colorado Regulations defines a Consecutive System as a Public Water System that receives some or all of its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems pursuant to a separate agreement between all involved parties.
 - 2. **Convey, Treat, and Deliver Regional Water Service:** Water service as defined in UTILITIES' Water Rate Schedule – Contract Service -Regional (WCR) Convey, Treat and Deliver Option whereby UTILITIES' infrastructure is used to convey, treat,

- and deliver DISTRICT Water to DISTRICT to help meet the water needs of DISTRICT. Service may be interrupted from time to time.
3. **DISTRICT's Service Area:** The areas as identified as DISTRICT's Service Area on Exhibit A.
 4. **DISTRICT's Water Distribution System:** Any devices, facilities, structures, equipment or works owned and/or operated by DISTRICT for the purpose of providing water service to DISTRICT's customers located within DISTRICT's Service Area.
 5. **DISTRICT's Wastewater Collection System:** Any devices, facilities, structures, equipment or works owned by DISTRICT for the purpose of collection, storage, transmission, treatment and discharge of wastewater from DISTRICT's customers.
 6. **DISTRICT Water:** Fully consumable water owned or leased by DISTRICT that can legally be used for municipal purposes within DISTRICTS' water service area.
 7. **Full Service:** Water service as defined in UTILITIES' Water Rate Schedule – Contract Service -Regional (WCR) Full Service Option.
 8. **Full Service Water:** Fully consumable water owned or controlled by the City of Colorado Springs that can legally be used for municipal purposes within DISTRICT's Service Area.
 9. **Monument/Fountain Creek Transit Loss Model ("Model"):** The daily accounting model currently used by the Division of Water Resources to determine transit loss and water allocations along Monument and Fountain Creeks. Model shall also apply to any successor model(s) used by the Division of Water Resources for the same purposes.
 10. **Point of Connection:** The North Gate Blvd Interconnection, located at 44 North Gate Boulevard, Colorado Springs, Colorado where UTILITIES' Water System is connected to DISTRICT's Water Distribution System
 11. **Public Water System:** The Code of Colorado Regulations defines a Public Water System as a system for the provision to the public of water for human consumption through pipes or other constructed conveyances if such system has at least fifteen service connections or regularly serves an average of at least 25 individuals daily at least 60 days per year.

- 12. Tariffs:** UTILITIES' Water Rate Schedules together with Utilities Rules and Regulations.
- 13. UTILITIES' Water System:** Utilities' Water System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of providing regional water service to DISTRICT's Water Distribution System.
- 14. UTILITIES' Wastewater Treatment System:** UTILITIES' Wastewater Treatment System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of collection and treating wastewater.
- 15. WLESS:** UTILITIES' Water Line Extension and Service Standards, as may be amended or replaced.
- 16. Water Regional System Availability Fee (WRSAP):** A fee assessed for each new connection to UTILITIES' supply system by contract outside the corporate limits of the City in areas where UTILITIES' Water System is available for use by UTILITIES to serve institutions, plants, organized water districts, municipal corporations, or other similar organizations and only with prior approval by the Colorado Springs City Council.
- a. The WRSAP reflects the amount of capacity needed within UTILITIES' Water System to meet the obligations of regional water contracts.
 - b. The WRSAP is determined based on the meter size needed to deliver the maximum daily delivery rate in million gallons per day as well as the maximum delivery volume in acre-feet per year.
 - c. Any entity that paid a WRSAP or an analogous charge through a contract in place prior to the implementation of the WRSAP will be credited for the amount paid for the analogous charge. If the entity met its full contractual WRSAP or equivalent, it is deemed to have met its WRSAP and will not be charged an additional WRSAP.

III. AGREEMENT FOR SERVICE

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, INCLUDING THE FOREGOING REPRESENTATIONS, IT IS AGREED AS FOLLOWS:

A. Term: This Agreement shall become effective upon the date of the last signature below and remains in effect until 5 pm MST on December 31, 2026.

1. Extension: Upon DISTRICT's notice to UTILITIES that DISTRICT's Service Area has been included in SECWCD's boundaries or DISTRICT has received written authorization from both SECWCD and Reclamation that it can receive long-term Convey, Treat, and Deliver Regional Water Service from UTILITIES without inclusion, this Agreement shall remain in effect until 5pm MST on December 31, 2048.

2. Renewal:

a. No later than eighteen (18) months prior to the expiration of the Term, the Parties shall begin good faith negotiations on a new agreement for UTILITIES' provision of Convey, Treat, and Deliver Regional Water Service to DISTRICT, with the expectation that such new agreement ("New Agreement") shall be substantially similar to this Agreement. The Parties acknowledge that the intent of the Agreement is for the Parties to enter into such successive New Agreements so as to continue the provision of service as contemplated herein, subject to approval by the Colorado Springs City Council.

b. If the Parties are unable to execute a New Agreement by the date that is six (6) months prior to the end of the Term:

i. UTILITIES may notify DISTRICT in writing that DISTRICT shall be disconnected from UTILITIES' Water System as of the expiration of the Term; or

ii. If the Parties mutually agree to continue good faith negotiations for a new water service agreement beyond the Term, the term may be extended for an additional one (1) year term at UTILITIES' sole discretion.

3. Supersedes All Previous Agreements: DISTRICT and UTILITIES agree that upon its effective date, this Agreement supersedes the expired Agreement for Short Term Water Services dated May 1, 2011 and any amendments or addendums thereto as well as the Agreement for Month-to-Month Water Services dated December 22, 2015 and all amendments and addendums thereto, and the Agreement for Short-Term Water Service dated December 17, 2018 and any amendments or addendums thereto.

B. Convey, Treat, and Deliver Regional Water Service:

1. UTILITIES agrees to provide DISTRICT water service during the term of this Agreement. UTILITIES shall not be obligated to deliver more than 1,000 acre-feet annually of DISTRICT Water to DISTRICT, unless a greater amount is approved in writing by UTILITIES.
2. UTILITIES shall deliver water provided under this Agreement to DISTRICT at the Point of Connection. It is not the Parties intent for the DISTRICT to take delivery of Full Service Water under this Agreement except in the event of an emergency that results in DISTRICT's normal Water Distribution System operations being significantly disrupted such that DISTRICT has a need for water supplies in excess of available DISTRICT Water. If such an emergency occurs, and UTILITIES has determined Full Service Water is available, DISTRICT may request and receive deliveries of Full Service Water on a temporary basis. Any such emergency shall be expediently resolved and DISTRICT shall, at all times, seek to avoid taking delivery of any Full Service Water.
2. DISTRICT shall be solely responsible for taking all actions necessary for DISTRICT's Service Area to be included within SECWCD's boundaries or obtaining a written waiver of the inclusion requirement. UTILITIES shall have no obligation to provide water service until DISTRICT's Service Area is included within the SECWCD's boundaries or DISTRICT obtains a written waiver of the inclusion requirement from SECWCD and Reclamation and provides UTILITIES with notice of such inclusion or waiver.

C. Point of Connection:

1. DISTRICT shall own and shall be solely responsible, financially and otherwise, for the operation, maintenance and repair, improvement, including any improvement, repair or maintenance that is requested by UTILITIES, of the infrastructure constituting the Point of Connection located between and including the secondary valve and the DISTRICT's Water Distribution System as depicted in Exhibit B and all other related facilities necessary for the DISTRICT's use of water provided in connection with this Agreement.

2. UTILITIES shall be responsible, financially or otherwise, for the operation, maintenance and repair of infrastructure constituting the Point of Connection located between the water main/tap and the secondary valve as depicted in Exhibit B. The DISTRICT agrees to reimburse UTILITIES for its time-and-material costs associated with the maintenance and repair of such infrastructure. The DISTRICT hereby grants UTILITIES the perpetual right to ingress and egress over and through the DISTRICT's Property, including property owned by the DISTRICT or in rights-of-way or easements dedicated to the DISTRICT, to the Point of Connection so that UTILITIES may operate, maintain, repair, and inspect the Point of Connection infrastructure it is responsible for as well as perform its other duties under this Agreement and any future agreement between the Parties related to the provision of water service. All repair or maintenance of the Point of Connection shall be completed in a timely manner and in accord with standard industry practices. The Parties shall keep the Point of Connection and every part thereof for which they are responsible pursuant to this section maintained so that they continue to properly serve the purposes for which they were originally intended.

- D. Volumetric Delivery Terms:** DISTRICT shall limit its water demand on UTILITIES' system to an instantaneous flow rate of not more than 2,083 gallons per minute, and a total maximum daily delivery of 2.5 million gallons per day (daily flow limit). UTILITIES agrees to maintain the hydraulic grade line at the Point of Connection at or above 7,072 feet. UTILITIES may, as it deems necessary and without providing DISTRICT notice, increase, decrease, or waive these daily and instantaneous flow limits based on system performance to protect UTILITIES' Water System and deliveries to UTILITIES' customers or other good cause. UTILITIES will make best efforts to provide DISTRICT timely notice of any changes of this type.
- E. DISTRICT Water Supply Obligation:** DISTRICT agrees that DISTRICT bears the sole responsibility for providing a permanent supply of water to meet its customers' demands. DISTRICT shall maintain and operate its Water Distribution System on a continuous, year-round basis to meet such obligations.
- F. Use of Water:** DISTRICT agrees not to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside the Arkansas River Basin.

DISTRICT further irrevocably commits not to serve water delivered under this Agreement to property located outside of the natural drainage of the Arkansas River or to market, transfer, wheel, or otherwise provide water to properties or entities located outside the natural drainage of the Arkansas River Basin. DISTRICT agrees not to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside DISTRICT's Service Area as of the date of this Agreement or to any entity or person other than the current residential, commercial, industrial and contract customers of DISTRICT, except DISTRICT may service subdivided lots within Chaparral Hills Subdivision, El Paso County, Colorado, which are served under court order by the DISTRICT, as well as Academy Water and Sanitation District if it is included in the DISTRICT's service area. Neither Chaparral Hills Subdivision nor Academy Water and Sanitation District are beneficiaries of this Agreement, except as they may receive water service from DISTRICT. In addition, so long as marijuana is an illegal substance under Federal Law, DISTRICT shall not use, or allow its customers to use, the water provided under this agreement, directly or indirectly, to support the cultivation or distribution of marijuana.

G. Water Rights Unaffected: Neither Party is transferring the ownership of any of its water rights under this Agreement.

H. Acceptance of DISTRICT Water into UTILITIES' Water System: The acceptance of DISTRICT Water into UTILITIES' Water System will be accomplished by book over of DISTRICT Water from DISTRICT's account in Pueblo Reservoir, or some other mutually agreed upon location, to the UTILITIES' Water System at a location designated by UTILITIES. Should the mutually agreed upon location for book over be unavailable, DISTRICT is responsible for securing the ability to book over water at another mutually agreed upon location. DISTRICT Water shall be delivered to UTILITIES at locations and during times as requested at UTILITIES' sole discretion. Further, it is agreed that UTILITIES shall not be obligated to accept into its Water System any DISTRICT Water that would interfere with UTILITIES' rights, operations, or yields. The use and administration of, Any DISTRICT Water not accepted into UTILITIES' Water System will be the sole responsibility of DISTRICT. DISTRICT shall be responsible for all accounting and administration requirements in connection with its diversion and use of

DISTRICT Water under this Agreement. Upon acceptance into UTILITIES' Water System, the accepted DISTRICT Water takes on the character of fully consumable water that can be used in accordance with UTILITIES' water rights decrees and the water delivered to DISTRICT and any return flows therefrom up to the amount of DISTRICT Water accepted into UTILITIES' Water System take on the character of DISTRICT Water delivered to DISTRICT via UTILITIES' Water System. If DISTRICT Water cannot be booked over, is not accepted into UTILITIES' Water System or more water than accepted was delivered by UTILITIES, all water delivered to DISTRICT in excess of the amount of DISTRICT Water accepted into UTILITIES' Water System shall be considered Full Service Water. This Agreement is subject to the administration of water rights by the Division of Water Resources.

I. Return Flows:

1. DISTRICT Water

UTILITIES shall maintain dominion and control of all DISTRICT Water being delivered through UTILITIES' Water System to DISTRICT until such water is delivered at the Point of Connection. Upon delivery, DISTRICT shall have and retain the legal ownership of and right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's use of DISTRICT Water delivered by UTILITIES under this Agreement.

2. Full Service Water

- a.** All Full Service Water delivered by UTILITIES under this Agreement may only be used for the purposes for which UTILITIES' water rights have been decreed. Neither DISTRICT nor its customers shall have the right to make successive use of Full Service Water, and upon completion of the initial use, all dominion and control over the Full Service Water shall revert to UTILITIES.
- b.** UTILITIES retains legal ownership of and the right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's one-time use of Full Service Water. DISTRICT shall maintain dominion and control over all Full Service Water during the distribution of the water through DISTRICT's Water Distribution System and once returned to DISTRICT's Wastewater Collection System. DISTRICT shall be solely responsible for the collection, treatment and

discharge of all wastewater generated by the use of Full Service Water furnished under this Agreement, and shall retain dominion and control over such water until it is discharged from DISTRICT's Wastewater Collection System or upon entry into UTILITIES' Wastewater Treatment System pursuant to a separate Regional Wastewater Services agreement.

- c. DISTRICT shall cooperate with UTILITIES to quantify daily discharges of return flows attributed to Full Service Water from DISTRICT's Wastewater Collection System to permit their inclusion in the Model. Reporting shall also be made as necessary to water_accounting@csu.org. DISTRICT shall be solely responsible for its own cost for the use of the Model. UTILITIES shall have the right to review the water accounting documents of DISTRICT to verify the quantities of such return flows resulting from DISTRICT's use of the Full Service Water delivered to DISTRICT.

J. Consequence of Loss of Dominion Over Return Flows: If UTILITIES should lose legal dominion and control over the return flows that result from DISTRICT's use of any Full Service Water due to any act or failure to act by DISTRICT, DISTRICT shall pay the Augmentation (W1G) tariff rate as modified or replaced for the volume of return flows lost to UTILITIES as determined in UTILITIES' sole discretion. UTILITIES will bill DISTRICT with payment due within thirty (30) days of the date of billing.

K. Service Rates, Fees, and Billing:

1. **WRSFAF:** A 10" meter was installed at the Point of Connection due to existing infrastructure at the Point of Connection; however, a 4" meter would be more appropriate given the volume of water delivered to the Point of Connection. The current WRSFAF Tariff rate for a 4" meter is \$5,036,310.00. It is anticipated that by December 31, 2022 DISTRICT will have paid \$1,790,895.04. The remaining WRSFAF to be paid for the Point of connection is \$3,245,414.96. DISTRICT has elected to pay this over the period of this contract, up to twenty-five years, and will pay \$183,533.67 each year. The yearly WRSFAF must be paid within 30 days of the date of billing.
2. **Commodity Charge:** DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Convey, Treat, and Deliver Option rate modified or replaced for

every cubic foot of DISTRICT Water delivered to DISTRICT. If Full Service Water is delivered to DISTRICT, DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Full Service Option rate, or its replacement, for every cubic foot of Full Service Water delivered to DISTRICT. UTILITIES will bill DISTRICT monthly in arrears with payment due within thirty (30) days of the date of billing.

3. Water Quality Monitoring: DISTRICT agrees to pay a *pro rata* share of water quality monitoring UTILITIES is obligated to perform to be in compliance with its Pueblo County 1041 permit for the Southern Delivery System. DISTRICT shall be billed annually with payment due within thirty (30) days of the date of billing. UTILITIES may choose to waive this charge if DISTRICT can demonstrate their participation in water quality monitoring that meets Pueblo County's 1041 permitting criteria.

4. Payments: Payments under this Article III.K shall be due at Colorado Springs Utilities, Customer Services Department, 111 S. Cascade Ave., Colorado Springs, Colorado 80903. If a payment is not made within thirty (30) days of when it is due, a deposit may be assessed as outlined in the Tariffs as modified or replaced.

L. Metering: All water delivered under this Agreement shall be measured at the Point of Connection between UTILITIES' Water System and DISTRICT's Water Distribution System. If at any time either UTILITIES or DISTRICT questions the accuracy of the meter, either Party may cause such meter to be tested for accuracy and recalibrated, if necessary, at such Party's expense. In the event a meter shall be tested, the Party testing the meter shall provide the other Party with three (3) days' notice of such testing. If the Parties cannot agree that the meter is measuring accurately, they shall choose an independent third party qualified to test the accuracy of such meters, whose decision regarding accuracy shall be binding on both Parties.

M. Water Efficiency Plan: DISTRICT agrees to abide by and enforce its water efficiency plan submitted to the State in its current form or as it may be changed through the State's approval process.

N. Regional Cooperation:

1. DISTRICT acknowledges and agrees to support the Fountain Creek Watershed, Flood Control, and Greenway District to the extent authorized under Colorado Revised Statutes §32-1-1001, *et seq.*
 2. DISTRICT agrees to actively support and cooperate with the City of Colorado Springs, El Paso County, and other regional entities having jurisdiction over stormwater detention and retention on Fountain Creek and to take whatever actions that are within DISTRICT's legal authority to ensure that stormwater in the Fountain Creek Basin does not increase above existing conditions, it being understood that DISTRICT has no express authority with respect to regulation or control of stormwater or funding of stormwater projects.
 3. DISTRICT agrees to accept and comply with the City of Pueblo Flow Management Program and Pueblo Recreational In-Channel Diversion Decree, both impacting the Arkansas River between Pueblo Dam and its confluence with Fountain Creek, in any Water Court application or request for administrative approval for a change of water rights or exchange implicating that reach of the Arkansas River.
 4. DISTRICT agrees to support any studies of a flood control dam or dams on Fountain Creek, it being understood that DISTRICT has no express authority to regulate or control stormwater or fund stormwater.
- O. Changes in Terms or Type of Service:** Should DISTRICT take delivery of Full Service Water more than three events in five years on a rolling average, request deliveries that exceed the limits outlined in the Agreement, or desire a different type of water service, UTILITIES and DISTRICT shall either amend this Agreement or renegotiate the Agreement in its entirety.

IV. WATER DELIVERIES

- A. Requests for Delivery of Water:** DISTRICT shall directly communicate with UTILITIES' System Control as specified in this section and follow up with a written request for delivery of water, specifying amounts, rates, and duration at least three (3) business days prior to the expected delivery date(s). UTILITIES will provide a written response at least one (1) day prior to the requested delivery date accepting, modifying, or denying the request. For the purposes of DISTRICT requesting service and UTILITIES responding to requests, the term "written" shall include communications by electronic

mail to certain electronic mail addresses, which DISTRICT and UTILITIES shall provide to each other upon execution of this Agreement and keep current through the duration of the Agreement. DISTRICT shall limit its water demand on UTILITIES' system as specified in Article III.D. The initial contacts are set forth below.

1. UTILITIES System Control

- a. Operations Supervisor, Jeremy McBeain

jmcbeain@csu.org

Office Phone (719) 668-4588

Cell Phone (719) 494-6973

- b. System Control Operator, to be acknowledge within 24-hours by Operations Supervisor

Office Phone (719) 668-4570

- c. Water_accounting@csu.org

2. DISTRICT System Control

- a. Water Production Manager, Ronny Wright

ronnyw@donalawater.com

Office Phone (719) 488-3603

Cell Phone (719) 499-8256

B. Delivery Interruptions: UTILITIES may interrupt deliveries of water due to lack of water supplies, infrastructure failure, system capacity failure, or water quality concerns. UTILITIES shall take all reasonable steps to provide DISTRICT with advance notice providing the reasons for any and all delivery interruptions and further take all reasonable steps to restore deliveries of water to the DISTRICT through resolution of such issues.

C. Consecutive System Disinfection: DISTRICT and UTILITIES shall comply with Consecutive Systems Disinfection Protocol set forth in Exhibit C during the term of this Agreement.

1. Disinfection pursuant to Exhibit C is required when:

- a. The consecutive system is bringing the Point of Connection into service for the first time, or
- b. The consecutive system is bringing the Point of Connection back into service after repairs or similar event that has compromised the main or opened it to the environment, or

c. The consecutive system is bringing the Point of Connection back into service after a period of >72 hours of the line being stagnant or empty. UTILITIES may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

2. **Scheduling Requirements:** UTILITIES' Water Quality Assurance requires at least two business days' notice to disinfect for consecutive system use. Notify waterquality@csu.org to schedule for disinfection.

D. Drinking Water Quality Regulatory Compliance; Required Permits:

1. The water provided by UTILITIES to DISTRICT at the Point of Connection shall be potable water which complies with the Federal Safe Drinking Water Act and the applicable Colorado Primary Drinking Water Regulations (5 C.C.R. 1002-11). Pursuant to §1.8 of the Colorado Primary Drinking Water Regulations, UTILITIES' responsibility regarding the quality of water furnished shall extend only to the Point of Connection. DISTRICT agrees that its Water Distribution System constitutes a Consecutive System and, in accordance with §1.9 of the Colorado Primary Drinking Water Regulations, DISTRICT is responsible for all applicable monitoring and reporting requirements of the Colorado Primary Drinking Water Regulations of water within DISTRICT's Water Distribution System.

2. DISTRICT will be responsible for obtaining, prior to operation, any applicable permits from any permitting authority or approvals from the Colorado Department of Public Health and Environment required for the construction and connection of DISTRICT's Water Distribution System to UTILITIES' Water System at and from the Point of Connection and to fulfill all purposes of this Agreement. A copy of such approval will be provided to UTILITIES within 30 days of receipt by DISTRICT to the UTILITIES' contacts set forth in Article V.A below.

E. Colorado Water Quality Control Act Compliance: If at any time during the effective term of this Agreement DISTRICT fails to meet the requirements of the Colorado Water Quality Control Act applicable to DISTRICT, and applicable control regulations promulgated and permits issued thereunder, UTILITIES may in its sole discretion suspend deliveries and interrupt its performance of this Agreement, without

commensurate extension of the term of this Agreement or liability to DISTRICT or any third party, including DISTRICT's customers, until DISTRICT has achieved compliance. With or without suspension or interruption by UTILITIES, DISTRICT, in the event of its failure to meet such requirements applicable to DISTRICT, shall implement cost-effective solutions to reduce water pollution with the objective of achieving and maintaining water quality in accordance with the applicable designated uses and water quality standards established by the Water Quality Control Commission and discharge permit limits imposed by the Water Quality Control Division on DISTRICT. In the event UTILITIES fails to meet the requirements of the Colorado Water Quality Control Act and applicable regulations thereunder, UTILITIES shall notify DISTRICT in the same manner as its other customers, and DISTRICT shall have the same rights and remedies as provided to UTILITIES, including the option of requesting the suspension of the delivery of water under this Agreement until such time as UTILITIES has achieved compliance.

V. STANDARD TERMS AND CONDITIONS

A. Legal Notice: Notices under this Agreement, other than DISTRICT's requests for water and UTILITIES' responses to such requests, shall be given in writing, signed by an authorized representative of the party giving notice. Telephonic or email notice is not acceptable. Notices shall be delivered by courier service delivery (such as Federal Express) that maintains delivery records requiring a signed receipt; certified mail, postage prepaid with return receipt requested; or personal delivery to the people specified below at the following addresses:

For UTILITIES:

1. General Manager, Water Resources

Courier Service Address:

Colorado Springs Utilities
ATTN: General Manager, Water Resources
1525 S. Hancock Expressway
Colorado Springs, CO 80906

United States Postal Service Address:

Colorado Springs Utilities

ATTN: General Manager, Water Resources
P.O. Box 1103, MC 1825
Colorado Springs, CO 80947-1825

2. City Attorney's Office – Utilities Division:

City Attorney's Office
ATTN: City Attorney's Office – Utilities Division
30 South Nevada Ave., Suite 501
P.O. Box 1575, Mail Code 510
Colorado Springs, CO 80901-1575

1. General Manager: Jeff Hodge

Address:

Donala Water and Sanitation District
ATTN: General Manager
15850 Holbein Drive
Colorado Springs, CO 80921

Office Phone: (719) 488-3603

Fac: (719) 488-3110

2. Office Administrator: Christina Hawker

Address:

Donala Water and Sanitation District
ATTN: General Manager
15850 Holbein Drive
Colorado Springs, CO 80921

Office Phone: (719) 488-3603

Fac: (719) 488-3110

Notices shall be effective (1) the next day following the date sent by courier service delivery that maintains delivery records requiring a signed receipt; (2) upon receipt by the addressee of a personal delivery; or (3) seven (7) days following the date of mailing via certified or registered mail, postage prepaid, return receipt requested.

B. Breach of Agreement and Termination:

1. **Breach of Agreement:** Upon any breach of this Agreement, the non-breaching Party shall have the right to: (a) seek specific performance; (b) be reimbursed for costs; (c) be entitled to money damages for the period between the breach and the order for specific performance; or terminate this Agreement. Unless an emergency situation requires immediate action in order to protect the health,

safety and welfare of its customers or UTILITIES' Water System, or of DISTRICT's customers or DISTRICT's Water Distribution System, the non-breaching Party shall provide written notice to the breaching Party of a breach of this Agreement and the breaching Party shall have thirty (30) days to cure such breach or take reasonable steps to address such breach and provide the non-breaching Party with notice of same prior to the non-breaching Party exercising its rights hereunder. DISTRICT may terminate this Agreement at any time if it does not receive the written authorization from the Bureau and SECWCD required by Article III.A.1 above upon thirty (30) days notice to Utilities.

a. Consequential Damages. Any action by DISTRICT that results in violations of any of UTILITIES' water service-related permits may subject DISTRICT to consequential damages for breach of contract including, but not limited to, any amounts the City or UTILITIES may be required to pay for violation of the conditions of any UTILITIES' water-related permits to the extent that the DISTRICT's actions caused or contributed to the violation.

b. Disconnection Damages: If DISTRICT disconnects from UTILITIES' Water System for any reason other than a material breach by UTILITIES, the Parties agree that UTILITIES will suffer minimum damages equal to the cost to replace any infrastructure that UTILITIES can no longer use to provide water service to customers other than DISTRICT because of DISTRICT'S disconnection.

2. UTILITIES Right to Suspend Service: DISTRICT acknowledges and consents to UTILITIES' right to suspend Convey, Treat, and Deliver Service or terminate this Agreement without liability or obligation to DISTRICT or any other person or entity:

a. Due to a significant interruption of water supplies, a substantial disruption (including, but not limited to, legal challenges impacting UTILITIES' Water System, and maintenance and repair to the infrastructure) to UTILITIES' Water System; or

b. Due to DISTRICT's breach of a material term or condition of this Agreement, if DISTRICT has not taken substantial steps to cure the breach within a reasonably sufficient time frame that allows DISTRICT to cure the material

breach after receiving written notice of such breach from UTILITIES; or

c. As otherwise authorized by the City Code or City Council.

3. Notice of Breach. Each Party shall promptly notify the other Party of circumstances that could result in a breach and UTILITIES shall further promptly notify DISTRICT of changes in City Code, or City Council action that could result in termination of the Agreement.

4. Effect of Termination. Upon termination, UTILITIES shall have no further obligation to provide Convey, Treat, and Deliver Service to DISTRICT and DISTRICT's Water Distribution System shall be disconnected from UTILITIES' Water System. Upon termination of this Agreement, UTILITIES shall determine the connection facilities between DISTRICT's Water Distribution System and UTILITIES' Water System that must be removed at DISTRICT's sole expense. UTILITIES shall determine the way the connection facilities are to be removed and water delivery services discontinued in accordance with UTILITIES' WLESS. All outstanding charges owed by DISTRICT to UTILITIES are due and payable prior to the disconnection of service. If all outstanding charges owed by DISTRICT to UTILITIES are not paid prior to disconnection, DISTRICT's obligation to make full payment shall survive termination of this Agreement.

C. Approvals/Permits: The Parties expressly acknowledge that the service contemplated and/or the construction of any Improvements under this Agreement may be dependent upon the receipt of any necessary approvals and/or permits by Federal, State, and local governmental and/or regulatory entities. DISTRICT shall be solely responsible for obtaining and complying with all approvals or permits necessary to accomplish the provision of water service and water conveyance by UTILITIES to DISTRICT under this Agreement. UTILITIES will cooperate as reasonably requested by DISTRICT in any application or proceedings to obtain such approvals.

D. DISTRICT Dissolution: If DISTRICT seeks to dissolve pursuant to relevant laws, rules, and regulations, then DISTRICT shall provide a copy of its dissolution petition to UTILITIES, at the time of its filing. The dissolution petition shall provide for assignment of DISTRICT's rights and obligations under the Agreement to a third

party acceptable to UTILITIES. If no provision is made for such an assignment or other arrangement reasonably acceptable to UTILITIES, upon DISTRICT's dissolution, this contract shall be null, void and of no further force or effect, and UTILITIES shall have no further obligation to provide water service pursuant to the terms of this Agreement.

E. City of Colorado Springs Compliance:

1. This Agreement is for "Contract Service – Regional (WCR), Convey, Treat, and Deliver Option," as provided in the Tariffs. The water service provided under this Agreement shall be governed by the Colorado Springs City Charter, the City Code, the Tariffs, WLESS, and all other applicable City of Colorado Springs' or UTILITIES' ordinances, resolutions regulations, policies and rules concerning regional water service as may be amended or replaced, except as otherwise provided in this Agreement. DISTRICT shall comply with applicable laws, ordinances, regulations, rules or policies concerning use of UTILITIES' Water System as they exist now or may be amended or replaced in the future. The Parties acknowledge and agree that City Code Chapter 12, Article 4, Part 13 is not applicable to DISTRICT under this Agreement.
2. In accordance with City Code § 12.4.304, DISTRICT submits to the jurisdiction of the City of Colorado Springs for the purposes of the enforcement procedures set out in City Code Chapter 12, Article 4 that are applicable to this Agreement.

F. Compliance with Laws and Regulations: This Agreement and the rights and obligations of the Parties shall be subject to all applicable laws, orders, court decisions, directives, rules, and regulations of any duly constituted governmental body or official having jurisdiction. Nothing contained in the Agreement, however, shall require either Party hereto to comply with any law, the validity of applicability of which shall be contested in good faith and, if necessary or desirable, by appropriate legal proceedings. DISTRICT agrees to comply with all applicable ordinances, regulations and rules concerning the connection to and use of UTILITIES' Water System by DISTRICT.

G. No Assignment without Consent; No Third-Party Beneficiary: There shall be no assignment of the rights or obligations contained in this Agreement by either Party

without the prior written consent by the other Party, and any such assignment shall be null and void. Unless otherwise prohibited, upon written notice to DISTRICT, UTILITIES may assign this Agreement without consent to the City of Colorado Springs, Colorado. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than UTILITIES and DISTRICT.

- H. Governing Law, Jurisdiction and Venue:** This Agreement shall be construed in accordance with the laws of the State of Colorado (except for its conflict of law provisions) as well as the Colorado Springs City Charter and the City Code. The place of performance and transaction of business shall be deemed to be in the County of El Paso, State of Colorado. In the event of litigation, the exclusive venue and place of jurisdiction shall be El Paso County, Colorado and, if necessary, for exclusive federal questions, the United States District Court for the District of Colorado.
- I. Force Majeure:** Neither Party shall be liable for delays in performing its obligations to the extent the delay is caused by an unforeseeable condition beyond its reasonable control without fault or negligence, including strikes, riots, wars, floods, fires, explosions, acts of nature, acts of government, or labor disturbance.
- J. Appropriation of Funds:** In accord with the Colorado Springs City Charter, performance of UTILITIES' obligations under this Agreement is expressly subject to appropriation of funds by City Council. In the event funds are not appropriated in whole or in part sufficient for performance of UTILITIES' obligations under this Agreement, or appropriated funds may not be expended due to City Charter spending limitations, then this Agreement will thereafter become null and void by operation of law, and UTILITIES will thereafter have no liability for compensation or damages to DISTRICT for future performance and obligations thereafter in excess of UTILITIES' authorized appropriation for this Agreement or applicable spending limit, whichever is less. UTILITIES will notify DISTRICT as soon as reasonably practicable in the event of non-appropriation or in the event a spending limit becomes applicable.
- K. Entire Agreement; Modifications to be in Writing:** This Agreement, including any and all appendices and exhibits attached hereto, contains the entire understanding between the Parties. No modification, amendment, notation, or other alteration to this

Agreement shall be valid or any force or effect unless mutually agreed to by the Parties in writing as an addendum to this Agreement. At the time of the execution of this Agreement, there are no other terms, conditions, requirements, or obligations affecting this Agreement which are not specifically set forth therein. Electronic mail and all other electronic (including voice) communications from UTILITIES, except as otherwise specifically provided herein, in connection with this Agreement, are for informational purposes only. No such communication is intended by UTILITIES to constitute either an electronic signature or to constitute any agreement by UTILITIES to conduct a transaction by electronic means. Any such intention or agreement is hereby expressly disclaimed.

- L. No Precedent; Severability:** The Parties agree that neither of them intends that this Agreement shall in any way constitute a precedent or standard for any future Agreement, nor vest any rights in either Party or any third party for novation, renewal, modification, or addition of any other rights or services on account of this Agreement's existence, as it is based solely on unique conditions currently existing at the time of execution. Any provision or part of this Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be binding upon the Parties and this agreement shall be reformed to replace such stricken provisions with a new provision that comes as close as possible to expressing the intention of the stricken provision.
- M. Remedies Cumulative:** Remedies herein are cumulative and may be used individually, sequentially, concurrently, or in any order.
- N. Audits:** UTILITIES shall have the right to audit at any time all of DISTRICT's records relating to compliance with this Agreement. DISTRICT shall have the right to audit all UTILITIES' records relating to compliance with this Agreement.
- O. No Exclusive Rights:** Nothing in this Agreement shall be construed as a grant by either Party of any exclusive right or privilege.
- P. Waiver:** No waiver by either Party of any terms or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different provision of this Agreement.

Q. Limitations upon Consent: Whenever, under the terms of this Agreement, UTILITIES is authorized to give its written consent, UTILITIES, in its discretion, may give or may refuse such written consent and if given, may restrict, limit, or condition such consent in such manner as it shall deem advisable.

R. Liability:

- 1. Party Responsible for Own Negligence:** Each Party shall be responsible for its own negligence. Neither Party waives the benefits or obligations afforded it by the Colorado Governmental Immunity Act, C.R.S. 24-10-101, *et seq.*
- 2. UTILITIES' Limitation of Liability:** In addition to force majeure events described in this Agreement, UTILITIES shall not be liable in tort or contract to DISTRICT or its customers for failure to provide water service under this Agreement if such failure is the result of a significant interruption of water supplies or an inadequate natural physical water supply, a substantial disruption to UTILITIES' Water System (including, but not limited to, legal challenges impacting the water system, and maintenance and repair of UTILITIES' Water System), or the adoption and implementation of water use or delivery restrictions in accordance with City Code.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date of the last signature below.

COLORADO SPRINGS UTILITIES

DONALA WATER AND SANITATION
DISTRICT

By: _____

By: _____

Travas Deal

Jeff Hodge

Chief Executive Officer

General Manager

Date: _____

Date: _____

APPROVED AS TO FORM:

Michael Gustafson

City Attorney's Office – Utilities Division

DRAFT
AWAITING VERIFICATION

Exhibit A – Map of District’s Service Area

DRAFT
AWAITING VERIFICATION

Exhibit B– Infrastructure Configuration

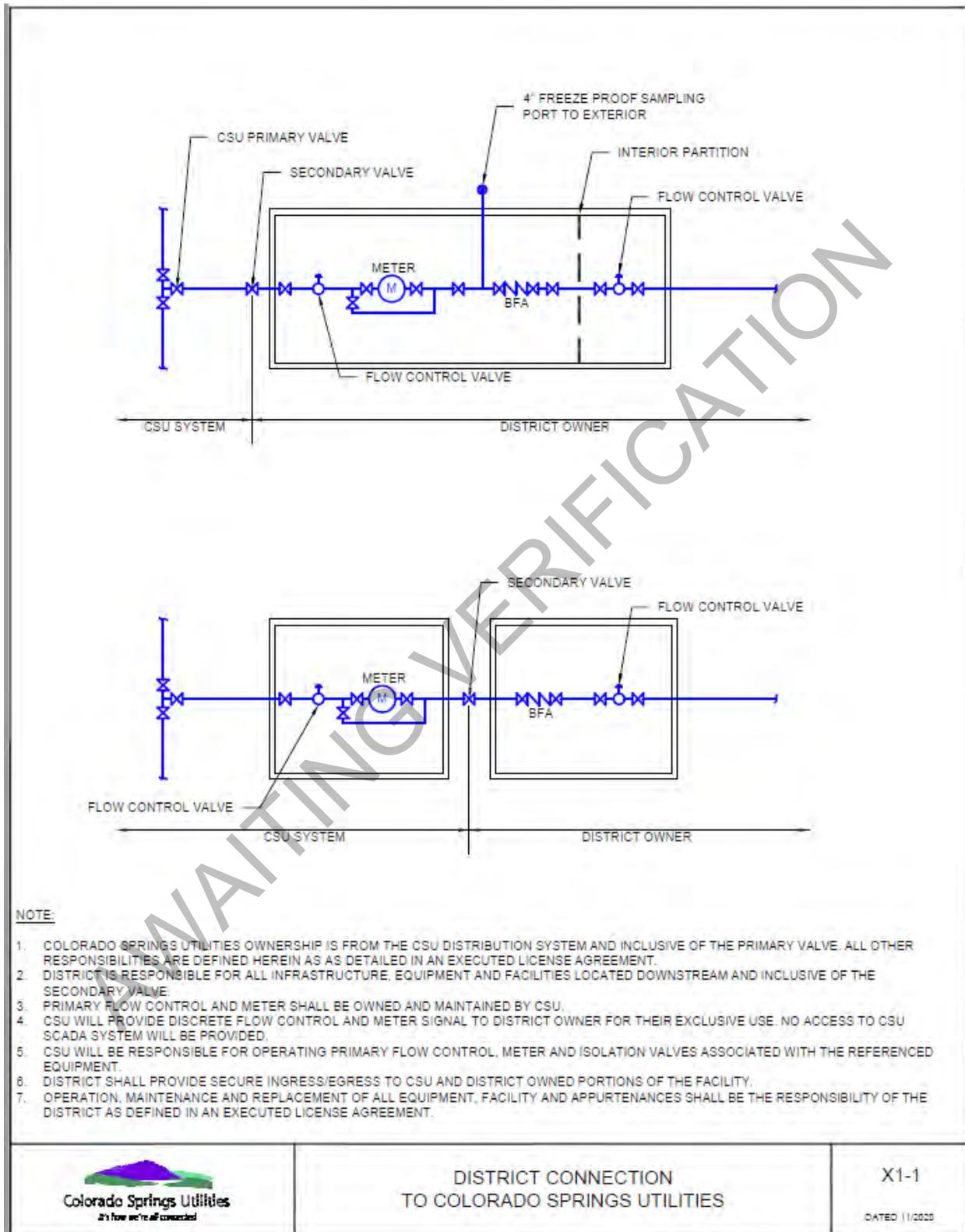


Exhibit C – Consecutive System Disinfection Protocol

1.0 Purpose

The purpose of this Consecutive Systems Disinfection Protocol for Regional Water Service Contracts Exhibit is to define Colorado Springs Utilities' (Utilities) and the Regional Water Service Contract holder's roles and responsibilities pertaining to potable water main disinfection procedures for Connective Systems.

A Consecutive System is defined as a Public Water System that receives some or all its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems.

The Consecutive System Standard Operating Procedure followed by Colorado Springs Utilities is available upon request.

2.0 Scope

The scope of this document is to establish the standard for managing the sanitary practices of Consecutive System to Utilities' water system. The objective is to protect Utilities' potable water distribution system, public health, prevent waterborne disease outbreaks, and comply with Colorado Primary Drinking Water Regulations.

Disinfection of the system is required when:

1. The Consecutive System is bringing the interconnect into service for the first time, or
2. The Consecutive System is bringing the interconnect back into service after repairs or similar event that has compromised the main or opened it to the environment.

Flushing of the system is required when the Consecutive System is bringing the interconnect back into service after a period of >72 hours of the line being stagnant or empty. Utilities may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

3.0 Scheduling Requirements

Scheduling requirements for a Potable Water Main Disinfection or system flush are as follows:

1. The Operator in Responsible Charge (ORC) of the Consecutive System receiving water shall notify Utilities' Water Quality Assurance department (WQA) at waterquality@csu.org to schedule a system flush at least two business days prior to date of flush. WQA is not able to accommodate requests for potable water main disinfection or system flush without at least **two business days'** notice.
2. The following information must be included when requesting flushing services:
 - Point of Contact (Name and Phone Number).
 - Address or Intersection of where the flush will be taking place.
 - Requested date and time of the flush

3. The site ORC and Operations from the Consecutive System shall be available at the time of chlorination to assist with any issues that may occur such as valve locations, closed valves, leaks, main breaks, cross-connections, or safety concerns.

4.0 Responsibilities

This section defines the general responsibilities of stakeholders within Utilities that are directly involved with the disinfection and flushing of potable water mains for Connective Systems.

4.1 Colorado Springs Utilities Responsibilities:

- Utilities' Water Quality Assurance (WQA) team is responsible for the managerial oversight of all chlorination injections, disinfections, system flushing, chlorine neutralization and system monitoring during dewatering activities.
- Utilities' Distribution and Collection Specialist is considered the Operator in Responsible Charge of all Utilities' potable mains under the control of the assigned specialist. This encompasses legal responsibility of all distribution system pipelines being operated and maintained.

4.2 Consecutive System Operations/ Management:

- Public Water Systems that receive water from Utilities will be considered the ORC downstream of the demarcation/interconnect valve. This encompasses legal responsibility of all distribution system pipelines being operated and maintained. Responsibilities include, but are not limited to, the following:
 - The oversight authority of the operation of the Consecutive System's potable water distribution system.
 - Placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
 - Overseeing the operation of pressure regulation equipment, cross-connection and system control valves.
 - ORC is responsible for the operation and maintenance of the cross-connection device, to include state certified cross connection control technician simultaneously testing its backflow assembly to ensure proper operation.

5.0 Operational Procedures

5.1 Initial start-up of a consecutive system:

Prior to the initial start-up of a consecutive system:

- WQA will work with the Utilities ORC and the consecutive system ORC to disinfect the main.

- Utilities will conduct bacteriological testing.
- Utilities will notify the Consecutive System's ORC of a bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, Utilities will open the demarcation valve and the consecutive system ORC will operate their valve and place the main into service.

5.2 Temporary shut downs (>72 hours):

- The Consecutive System's ORC or representative will notify Water Operations when water supply is no longer needed.
- Water Distribution Operations will close demarcation valve. **NOTE:** Whenever possible, the water main should not be left isolated for longer than 72 hours. Additional sampling, disinfection, or flushing may be required if main is left isolated >72 hours.

5.3 Temporary shut downs (<72 hours):

- Utilities will conduct bacteriological testing. Utilities will notify the Consecutive System's ORC of bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, CSU will open demarcation valve and the consecutive system ORC will operate their valve and place the main in service.

5.4 Emergency Start-up:

The following are steps toward disinfecting and dewatering at CCWD:

- Water Operations receives the emergency call from the Consecutive System's ORC requesting water.
 - Note: It is expected that Utilities has at least 24 hours of response time for all requests for water.
- WQA coordinates valve operation and discharge locations with water Distribution Operations and the Consecutive System's ORC.
- WQA will facilitate the chlorination and dewatering process and manage discharge protocols.
- Following dewatering, WQA will collect, document, and deliver a bacteriological sample to Laboratory Services for analyses. Bacteriological results will be provided to the consecutive system ORC approximately 24 hours from sample collection.

6.0 Process

6.1 Flushing:

When the connecting main has been empty or stagnant (for example, valved off during low consumption periods) for > 72 hours and the main has not been compromised in any way, a disinfection is not required.

- Utilities' WQA team will be responsible for managing all waters associated with dewatering, to include dichlorination and pH mitigation if necessary.
- Operations from the Consecutive System will be responsible for best management practices (BMPs) which adequately mitigate erosion, control runoff, and protect storm inlets. Alternatively, Operations from the Consecutive System will be responsible for providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- Flushing will be complete when the volume of the main has been turned over three times or chlorine line residual and clarity have been reached.
- After flushing, WQA personnel will collect a bacteriological sample from Utilities' side of the interconnect closest to the demarcation valve to ensure water being delivered meets all Safe Drinking Water Act standards. This analysis takes approximately 24 hours to complete. Water will not be delivered until the sample has been read and authorized as absent of total coliform.
- If requested, Utilities personnel may also collect a bacteriological sample from the Consecutive System's side of the interconnect.

6.2 Disinfection:

Disinfection is required when the connecting main is brought into service for the first time or when the main has been compromised in any way, such as during repairs or breaks.

- WQA personnel will be responsible for determining which disinfection method is most appropriate. WQA personnel will also be responsible for all aspects of water management during disinfection and flushing.
- The Consecutive System's ORC will be responsible for BMP placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- If disinfection activities must occur downstream of the demarcation valve, Utilities will function as a contractor if requested by the consecutive system. These activities are a courtesy to the Consecutive system and Utilities holds no liability for infrastructure damage or contamination. Additionally, the consecutive system will be responsible for all time and material costs incurred by Utilities associated with the disinfection. The Consecutive System's ORC will be responsible for operating all appurtenances and valves on their system.

6.3 Sampling Requirements:

At the Consecutive System point of entry, WQA will verify the disinfection concentration meets acceptable levels, perform a clarity check, confirm free chlorine residual, and collect bacteriological samples.

Bacteriological Sampling Points

WQA will collect bacteriological samples from:

- The closest possible appurtenance to the tie-in point.
- The furthest appurtenance on each leg of the main.
- Every 1000 linear feet of main.

Water Quality Check

- WQA will perform a water quality check, confirming free chlorine residual is >0.20 mg/L and collect a bacteriological sample at the closest possible appurtenance to the demarcation point and downstream of the demarcation valve, if requested.
- Results are read within 18 to 24 hours from sample set up time.
- If the result is “absence” for total coliform, the Laboratory Services Section (LSS) Microbiology Lab will contact the site ORC that the sample “passed”.
- Potable water mains should be placed back into service immediately following an “absence” result for total coliform

Note: Whenever possible, a water main should not be left isolated for longer than 72 hours after confirmation. Additional sampling, disinfection, and flushing may be required if main is left isolated >72 hours.

Bacteriological Resampling

If a bacteriological sample analysis results in “presence” for total coliform, the potable water main in question shall remain isolated and will be re-sampled

- Resampling a bacteriological sample after the first failure event.
 - If a sample results in “presence” for total coliform, TWO additional bacteriological samples will need to be taken from the isolated point of failure.
 - Samples will be collected within 48 hours of the first failure, at least 16 hours apart.
 - Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- Resampling a bacteriological sample if there is a SECOND failure event.
 - Sample will be collected within 48 hours of the first failure, at least 16 hours apart.

- Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- If the results are “absent” for total coliform, the LSS Microbiology Lab will contact the site ORC that the samples “passed”.
- Consecutive System can be placed in service.
- In the event of a THIRD failure:
 - If the main fails a third time after disinfection, it will be considered contaminated. At the discretion of the LSS Manager and WQA Supervisor, more extensive mitigation strategies will be implemented, up to and including removal and replacement of the contaminated section of the main.

AWAITING VERIFICATION

A RESOLUTION AUTHORIZING AND DIRECTING THE CHIEF EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO ENTER INTO AN AGREEMENT FOR CONVEY, TREAT, AND DELIVER REGIONAL WATER SERVICE BETWEEN COLORADO SPRINGS UTILITIES AND DONALA WATER AND SANITATION DISTRICT

WHEREAS, City Code §12.4.304 and Colorado Springs Utilities' Tariffs allow Colorado Springs Utilities to provide by contract for the use of or connection to its water supply system by institutions, plants, districts, governments, municipal corporations, or other similar users located outside the corporate limits of the City; and

WHEREAS, Donala Water and Sanitation District is a Colorado statutory water and sanitation district with service boundaries located generally in the area of Gleneagle, outside of, but adjacent to, the City of Colorado Springs; and

WHEREAS, Donala Water and Sanitation District currently services a customer base of approximately 2,600 taps; and

WHEREAS, Donala Water and Sanitation District owns or otherwise controls renewable water supplies and intends to increase and further diversify its water supplies with additional renewable supplies to meet its long-term water needs and reduce its historic and current reliance on non-renewable groundwater resources; and

WHEREAS, Donala Water and Sanitation District does not have the necessary infrastructure to convey its renewable water supplies to its service area and has requested Convey, Treat, and Deliver Regional Water Service from Colorado Springs Utilities under which its renewable water supplies will be treated and delivered through Colorado Springs Utilities' infrastructure to the existing point of connection between Colorado Springs Utilities' water system and Donala Water and Sanitation District's water system subject to volumetric limitations; and

WHEREAS, Colorado Springs Utilities currently has sufficient infrastructure capacity in its water system; water transportation displacement, and storage capacity not including UTILITIES' excess capacity storage space in the Fryingpan-Arkansas Project; and water treatment capacity to provide interruptible Convey, Treat, and Deliver Regional Water Service to Donala Water and Sanitation District; and

WHEREAS, in exchange for Convey, Treat, and Deliver Regional Water Service, Donala Water and Sanitation District has agreed to pay the rates and fees set forth in Colorado Springs Utilities' Tariffs for such service; and

WHEREAS, the Utilities Board recommended that City Council approve a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Donala Water and Sanitation District; and

WHEREAS, Colorado Springs Utilities requests that City Council authorize and direct the Chief Executive Officer of Colorado Springs Utilities to enter into a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Donala Water and Sanitation District.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. City Council finds and determines that a long-term Agreement for Convey, Treat, and Deliver Regional Water Service between Colorado Springs Utilities and Donala Water and Sanitation District will benefit the public health, safety and welfare of the surrounding community and is in the best interest of the City.

Section 2. City Council further finds and determines that a long-term Agreement for Convey, Treat, and Deliver Regional Water Service between Colorado Springs Utilities and Donala Water and Sanitation District will have a de minimis impact on the overall City's available water supply since Colorado Springs Utilities will primarily be delivering renewable water supplies owned by Donala Water and Sanitation District under the Agreement.

Section 3. The Chief Executive Officer of Colorado Springs Utilities is authorized and directed to enter into a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Donala Water and Sanitation District in a form substantially similar to that attached hereto.

Section 4. This Resolution shall be in full force and effect immediately upon its adoption.

Dated at Colorado Springs, Colorado this ____ day of April, 2023.

Council President

ATTEST:

Sarah B. Johnson, City Clerk

**AGREEMENT BETWEEN COLORADO SPRINGS UTILITIES AND
SECURITY WATER DISTRICT FOR
STANDBY REGIONAL WATER SERVICE**

THIS AGREEMENT (“Agreement”) is made and entered into by and between Colorado Springs Utilities, an enterprise of the City of Colorado Springs, a Colorado home-rule city and municipal corporation, hereinafter called “UTILITIES,” and the Security Water District, 231 Security Boulevard, Security, Colorado, acting through its water activity enterprise hereinafter called the “DISTRICT.” Both the UTILITIES and DISTRICT hereinafter are each individually referred to as “Party” and collectively referred to as the “Parties.”

I. RECITALS

- A.** DISTRICT, is a Colorado statutory water district with service boundaries located just south of Colorado Springs and east of Fort Carson, was formed March 22, 1954, and currently serves a customer base of approximately 7,750 taps in the Colorado Springs metropolitan area;
- B.** DISTRICT is a participant in both the Fountain Valley Authority and the Southern Delivery System and has been included within the Southeastern Colorado Water Conservancy District;
- C.** DISTRICT desires to have the ability to receive standby water service for the delivery of DISTRICT Water, or from time to time UTILITIES Full Service Water, conveyed through UTILITIES’ water system at the CLEARVIEW CONNECTION from UTILITIES to meet the water demands of the DISTRICT if there are disruptions to the DISTRICT’s normal Water Distribution System operations;
- D.** DISTRICT has an established Point of Connection with UTILITIES at 4520 Clearview Drive, Colorado Springs, Colorado (“CLEARVIEW CONNECTION”) that was constructed pursuant to the terms of the certain Agreement for Short Term Water Service between UTILITIES and the DISTRICT dated March 16, 2017;
- E.** UTILITIES has sufficient system capacity, and may, from time to time, have available water supply to provide Standby water service to the DISTRICT at CLEARVIEW CONNECTION;

- F. Pursuant to Section 6-50 (Water Rights) of Article VI (Utilities) of the Charter of the City of Colorado Springs, as amended, the City of Colorado Springs has the authority to buy, exchange, augment, lease, own, and control water and water rights; and
- G. UTILITIES has entered into this Agreement pursuant to Section 12.4.304 (Service: Special Contract) of Article 4 (Water Code) of Chapter 12 (Utilities) of the Code of the City of Colorado Springs 2001, as amended (Ord. 10-76).

II. DEFINITIONS

- A. For the purposes of this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise. Terms not otherwise defined herein shall have the meaning adopted in the latest amendment to the City Code of Colorado Springs Colorado 2001, as amended (“City Code”):
1. **Consecutive System:** The Code of Colorado Regulations defines a Consecutive System as a Public Water System that receives some or all of its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems pursuant to a separate agreement between all involved parties.
 2. **DISTRICT’s Service Area:** The areas as identified as DISTRICT’s Service Area on Exhibit A.
 3. **DISTRICT’s Water Distribution System:** Any devices, facilities, structures, equipment or works owned and/or operated by DISTRICT for the purpose of providing water service to DISTRICT’s customers located within DISTRICT’s Service Area.
 4. **DISTRICT Water:** Fully consumable water owned or leased by DISTRICT that can legally be used for municipal purposes within DISTRICTS’ water service area.
 5. **Full Service:** Water service as defined in UTILITIES’ Water Rate Schedule – Contract Service -Regional (WCR) Full Service Option.
 6. **Full Service Water:** Fully consumable water owned or controlled by the City of Colorado Springs that can legally be used for municipal purposes within DISTRICT’s Service Area.

7. **Monument/Fountain Creek Transit Loss Model (“Model”):** The daily accounting model currently used by the Division of Water Resources to determine transit loss and water allocations along Monument and Fountain Creeks. Model shall also apply to any successor model(s) used by the Division of Water Resources for the same purposes.
8. **Point of Connection:** The master meter installed at the CLEARVIEW CONNECTION.
9. **Public Water System:** The Code of Colorado Regulations defines a Public Water System as a system for the provision to the public of water for human consumption through pipes or other constructed conveyances if such system has at least fifteen service connections or regularly serves an average of at least 25 individuals daily at least 60 days per year.
10. **Tariffs:** UTILITIES’ Water Rate Schedules together with Utilities Rules and Regulations.
11. **SSD Wastewater Collection System:** Any devices, facilities, structures, equipment or works owned by the Security Sanitation District for the purpose of collection, storage, transmission, treatment and discharge of wastewater from DISTRICT's customers.
12. **Standby Regional Water Service:** Water service as defined in UTILITIES’ Water Rate Schedule – Contract Service -Regional (WCR) Standby Service Option whereby UTILITIES’ infrastructure is used on a temporary basis when DISTRICT normal operations are disrupted. Standby Service may not be used as a primary means of meeting DISTRICT’s water supply demand. Service may be interrupted from time to time.
13. **UTILITIES’ Water System:** UTILITIES’ Water System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of providing regional water service to DISTRICT’s Water Distribution System.
14. **UTILITIES' Wastewater Treatment System:** UTILITIES' Wastewater Treatment System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of collection and treating wastewater.

15. **WLESS: UTILITIES' Water Line Extension and Service Standards**, as may be amended or replaced.
16. **Water Regional System Availability Fee (WRSAF):** A fee assessed for each new connection to UTILITIES' supply system by contract outside the corporate limits of the City in areas where UTILITIES' water system is available for use by UTILITIES to serve institutions, plants, organized water districts, municipal corporations, or other similar organizations and only with prior approval by the Colorado Springs City Council.
 - a. The WRSAF reflects the amount of capacity needed within UTILITIES' water system to meet the obligations of regional water contracts and is generally based on the meter size needed to deliver contracted volumes of water.
 - b. Standby Regional Water Service WRSAF is calculated based on the maximum daily delivery rate in million gallons per day as well as the maximum delivery volume in acre-feet per year.
 - c. Any entity that paid a WRSAF or an analogous charge through a contract in place prior to the implementation will be credited for the amount paid for the analogous charge. If the entity met its full contractual WRSAF or equivalent, it is deemed to have met its WRSAF and will not be charged an additional WRSAF.

III. AGREEMENT FOR SERVICE

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, INCLUDING THE FOREGOING REPRESENTATIONS, IT IS AGREED AS FOLLOWS:

- A. Term:** This Agreement shall become effective upon the date of the last signature below and remains in effect until 5 pm MST on December 31, 2048.
 - 1. Renewal:**
 - a. No later than eighteen (18) months prior to the expiration of the Term, the Parties shall begin good faith negotiations on a new agreement for UTILITIES' provision of Standby Convey, Treat, and Deliver Regional Water Service to DISTRICT, with the expectation that such new agreement ("New Agreement") shall be substantially similar to this Agreement. The Parties acknowledge that the intent of

the Agreement is for the Parties to enter into such successive New Agreements so as to continue the provision of service as contemplated herein, subject to approval by the Colorado Springs City Council.

- b. If the Parties are unable to execute a New Agreement by the date that is six (6) months prior to the end of the Term:
 - i. UTILITIES may notify DISTRICT in writing that DISTRICT shall be disconnected from UTILITIES' Water System as of the expiration of the Term; or
 - ii. If the Parties mutually agree to continue good faith negotiations for a new water service agreement beyond the Term, the term may be extended for an additional one (1) year term at UTILITIES' sole discretion.
2. **Supersedes All Previous Agreements:** DISTRICT and UTILITIES agree that upon its effective date, this Agreement supersedes the expired Agreements for Short Term Water Services dated March 16, 2017, and January 14, 2021, and all amendments and addendums thereto.

B. Standby Convey, Treat, and Deliver Regional Water Service:

1. UTILITIES agrees to provide DISTRICT water service during the term of this Agreement. UTILITIES shall not be obligated to deliver more than 2,800 acre-feet annually of DISTRICT Water to DISTRICT, unless a greater amount is approved in writing by UTILITIES.
2. UTILITIES shall deliver water provided under this Agreement to DISTRICT at the Point of Connection. It is not the Parties intent for the DISTRICT to take delivery of Full Service Water under this Agreement except in the event of an emergency that results in DISTRICT's normal Water Distribution System operations being significantly disrupted such that DISTRICT has a need for water supplies in excess of available DISTRICT Water. If such an emergency occurs, and UTILITIES has determined Full Service Water is available, DISTRICT may request and receive deliveries of Full Service Water on a temporary basis. Any such emergency shall be expediently resolved and DISTRICT shall, at all times, seek to avoid taking delivery of any Full Service Water.

C. Point of Connection:

1. DISTRICT shall own and shall be solely responsible, financially and otherwise, for the operation, maintenance and repair, improvement, including any improvement, repair or maintenance that is requested by UTILITIES, of the infrastructure constituting the Point of Connection located between and including the secondary valve and the DISTRICT's Water Distribution System as depicted in Exhibit B and all other related facilities necessary for the DISTRICT's use of water provided in connection with this Agreement.
2. UTILITIES shall be responsible, financially or otherwise, for the operation, maintenance and repair of all infrastructure constituting the Point of Connection located between the water main/tap and the secondary valve as depicted in Exhibit B. The DISTRICT agrees to reimburse UTILITIES for its time-and-material costs associated with the maintenance and repair of such infrastructure. The DISTRICT hereby grants UTILITIES the perpetual right to ingress and egress over and through the DISTRICT's Property, including property owned by the DISTRICT or in rights-of-way or easements dedicated to the DISTRICT, to the Point of Connection so that UTILITIES may operate, maintain, repair, and inspect the Point of Connection infrastructure it is responsible for as well as perform its other duties under this Agreement and any future agreement between the Parties related to the provision of water service. All repair or maintenance of the Point of Connection shall be completed in a timely manner in accord with standard industry practices. The Parties shall keep the Point of Connection and every part thereof for which they are responsible pursuant to this section maintained so that they continue to properly serve the purposes for which they were originally intended.

D. Volumetric Delivery Terms: DISTRICT shall limit its water demand on UTILITIES' system to an instantaneous flow rate of not more than 2,800 gallons per minute, and a total maximum daily delivery of four (4) million gallons per day (daily flow limit). UTILITIES agrees to maintain a pressure of 110 psi near the Point of Connection. UTILITIES may, as it deems necessary and without providing DISTRICT notice increase, decrease, or waive these daily and instantaneous flow limits based on system performance to protect UTILITIES' Water System and deliveries to UTILITIES'

customers or other good cause. UTILITIES will make best efforts to provide DISTRICT timely notice of any changes of this type.

- E. DISTRICT Water Supply Obligation:** DISTRICT agrees that DISTRICT bears the sole responsibility for providing a permanent supply of water to meet its customers' demands. DISTRICT shall maintain and operate its Water Distribution System on a continuous, year-round basis to meet such obligations.
- F. Use of Water:** DISTRICT agrees not to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside DISTRICT's Service Area or to any entity or person other than the current residential, commercial, industrial and contract customers of the DISTRICT. DISTRICT further irrevocably commits not to serve water delivered under this Agreement to property located outside of the natural drainage of the Arkansas River or to market, transfer, wheel, or otherwise provide water to properties or entities located outside the natural drainage of the Arkansas River Basin. In addition, so long as marijuana is an illegal substance under Federal Law, DISTRICT shall not use, or allow its customers to use, the water provided under this agreement, directly or indirectly, to support the cultivation or distribution of marijuana.
- G. Water Rights Unaffected:** Neither Party is transferring the ownership of any of its water rights under this Agreement.
- H. Acceptance of DISTRICT Water into UTILITIES' Water System:** The acceptance of DISTRICT Water into UTILITIES' Water System will be accomplished by book over of DISTRICT Water from DISTRICT's account in Pueblo Reservoir, or some other mutually agreed upon location, to the UTILITIES' Water System at a location designated by UTILITIES. Should the mutually agreed upon location for book over be unavailable, DISTRICT is responsible for securing the ability to book over water at another mutually agreed upon location. DISTRICT Water shall be delivered to UTILITIES at locations and during times as requested by UTILITIES. Further, it is agreed that UTILITIES shall not be obligated to accept into its Water System any DISTRICT Water that would interfere with UTILITIES' rights, operations, or yields. The use and administration of any DISTRICT Water not so accepted into UTILITIES' Water System will be the sole responsibility of DISTRICT. DISTRICT shall be responsible for all accounting and administration requirements in connection with its diversion and use of DISTRICT Water

under this Agreement. Upon acceptance into UTILITIES' Water System, the accepted DISTRICT Water takes on the character of fully consumable water that can be used in accordance with UTILITIES' water rights decrees and the water delivered to DISTRICT and any return flows therefrom up to the amount of DISTRICT Water accepted into UTILITIES' Water System take on the character of DISTRICT Water delivered to DISTRICT via UTILITIES' Water System. If DISTRICT Water cannot be booked over, is not accepted into UTILITIES' Water System or more water than accepted was delivered by UTILITIES, all water delivered to DISTRICT in excess of the amount of DISTRICT Water accepted into UTILITIES' Water System shall be considered Full Service Water. This Agreement is subject to the administration of water rights by the Division of Water Resources.

I. Return Flows:

1. DISTRICT Water

UTILITIES shall maintain dominion and control of all DISTRICT Water being delivered through UTILITIES' Water System to DISTRICT until such water is delivered at the Point of Connection. Upon delivery, DISTRICT shall have and retain the legal ownership of and right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's use of DISTRICT Water delivered by UTILITIES under this Agreement.

2. Full Service Water

a. All Full Service Water delivered by UTILITIES under this Agreement may only be used for the purposes for which UTILITIES' water rights have been decreed. Neither DISTRICT nor its customers shall have the right to make successive use of Full Service Water, and upon completion of the initial use, all dominion and control over the Full Service Water shall revert to UTILITIES.

b. UTILITIES retains legal ownership of and the right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's one-time use of Full Service Water. DISTRICT shall maintain dominion and control over all Full Service Water during the distribution of the water through DISTRICT's Water Distribution System and once returned to the SSD Wastewater Collection System. DISTRICT shall be solely responsible for the collection, treatment and discharge

of all wastewater generated by the use of Full Service Water furnished under this Agreement, and shall retain dominion and control over such water until it is discharged from the SSD Wastewater Collection System.

- c. DISTRICT shall cooperate with UTILITIES to quantify daily discharges of return flows attributed to Full Service Water from the SSD Wastewater Collection System to permit their inclusion in the Model. Reporting shall also be made as necessary to water_accounting@csu.org. DISTRICT shall be solely responsible for its own cost for the use of the Model. UTILITIES shall have the right to review the water accounting documents of DISTRICT to verify the quantities of such return flows resulting from DISTRICT's use of the Full Service Water delivered to DISTRICT.

J. Consequence of Loss of Dominion Over Return Flows: If UTILITIES should lose legal dominion and control over the return flows that result from DISTRICT's use of any Full Service Water due to any act or failure to act by DISTRICT, DISTRICT shall pay the Augmentation (WIG) rate under the Tariffs as modified or replaced for the volume of return flows lost to UTILITIES as determined in UTILITIES' sole discretion. UTILITIES will bill DISTRICT with payment due within thirty (30) days of the date of billing.

K. Service Rates, Fees, and Billing:

1. **WRSF:** A 6" meter has been installed at the Point of Connection and will be used to measure the deliveries to DISTRICT of water under this Agreement. In the original Agreement for Short Term Water Service dated March 16, 2017, the PARTIES agreed that the total System Usage Fee, which was the predecessor to the System Availability Fee, shall not exceed \$743,313.00, which was the calculated System Usage Fee in place at the time of the 2017 Agreement. As of the signing of this agreement, the DISTRICT has paid \$192,818.12 in System Usage Fees. The remaining System Usage Fee to be paid for the CLEARVIEW CONNECTION Point of Connection is \$550,494.88. Consistent with the March 16, 2017 Agreement, DISTRICT may elect to pay the remaining portion of the System Usage Fee in one lump sum of \$550,494.88 upon execution of this agreement, in yearly lump sums of \$33,330.00 due by May 1st of each year, or it may elect a monthly WRSF of \$2,775.04 per month until the System Usage Fee is paid in full.

2. **Commodity Charge:** DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Convey, Treat, and Deliver Option rate as modified or replaced for every cubic foot of DISTRICT Water delivered to DISTRICT. If Full Service Water is delivered to DISTRICT, DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Full Service Option rate modified or replaced for every cubic foot of Full Service Water delivered to DISTRICT. UTILITIES will bill DISTRICT monthly in arrears with payment due within thirty (30) days of the date of billing.
 3. **Water Quality Monitoring:** DISTRICT agrees to pay a *pro rata* share of water quality monitoring UTILITIES is obligated to perform to be in compliance with its Pueblo County 1041 permit for the Southern Delivery System. DISTRICT shall be billed annually with payment due within thirty (30) days of the date of billing. UTILITIES will waive this charge if DISTRICT can demonstrate their participation in water quality monitoring that meets Pueblo County's 1041 permitting criteria. DISTRICT's obligations under this subparagraph shall be deemed to be satisfied and the annual water quality monitoring fee will not be assessed against the DISTRICT so long as the DISTRICT's sister agency, the Security Sanitation District, is a member of the Arkansas Fountain Coalition for Urban River Evaluation ("AFCURE") and funds its share of the water quality monitoring studies performed by AFCURE.
 4. **Payments:** Payments under this Article III.K shall be due at Colorado Springs Utilities, Customer Services Department, 111 S. Cascade Ave., Colorado Springs, Colorado 80903. If a payment is not made within thirty (30) days of when it is due, a deposit may be assessed as outlined in the Tariffs as modified or replaced.
- L. Metering:** All water delivered under this Agreement shall be measured at the Point of Connection between UTILITIES' Water System and DISTRICT's Water Distribution System. If at any time either UTILITIES or DISTRICT questions the accuracy of the meter, either Party may cause such meter to be tested for accuracy and recalibrated, if necessary, at such Party's expense. In the event a meter shall be tested, the Party testing the meter shall provide the other Party with three (3) days' notice of such testing. If the Parties cannot agree that the meter is measuring accurately, they shall choose an

independent third party qualified to test the accuracy of such meters, whose decision regarding accuracy shall be binding on both Parties.

M. Water Efficiency Plan: DISTRICT agrees to abide by and enforce its water efficiency plan submitted to the State in its current form or as it may be changed through the State's approval process.

N. Regional Cooperation:

1. DISTRICT acknowledges and agrees to support, the Fountain Creek Watershed, Flood Control, and Greenway District to the extent authorized under Colorado Revised Statutes §32-1-1001, *et seq.*
2. DISTRICT agrees to actively support and cooperate with the City of Colorado Springs, El Paso County, and other regional entities having jurisdiction over stormwater detention and retention on Fountain Creek and to take whatever actions that are within DISTRICT's legal authority to ensure that stormwater in the Fountain Creek Basin does not increase above existing conditions, it being understood that DISTRICT has no express authority with respect to regulation or control of stormwater or funding of stormwater projects.
3. DISTRICT agrees to accept and comply with the City of Pueblo Flow Management Program and Pueblo Recreational In-Channel Diversion Decree, both impacting the Arkansas River between Pueblo Dam and its confluence with Fountain Creek, in any Water Court application or request for administrative approval for a change of water rights or exchange implicating that reach of the Arkansas River.
4. DISTRICT agrees to support any studies of a flood control dam or dams on Fountain Creek, it being understood that DISTRICT has no express authority to regulate or control stormwater or fund stormwater.

O. Changes in Terms or Type of Service: Should DISTRICT take delivery of Full Service Water more than three events in five years on a rolling average, request deliveries that exceed the limits outlined in the Agreement, or desire a different type of water service, UTILITIES and DISTRICT shall either amend this Agreement or renegotiate the Agreement in its entirety.

IV. WATER DELIVERIES

A. Requests for Delivery of Water: DISTRICT shall directly communicate with UTILITIES' System Control as specified in this section and follow up with a written request for delivery of water, specifying amounts, rates, and duration at least three (3) business days prior to the expected delivery date(s). UTILITIES will provide a written response at least one (1) day prior to the requested delivery date accepting, modifying, or denying the request. For the purposes of DISTRICT requesting service and UTILITIES responding to requests, the term "written" shall include communications by electronic mail to certain electronic mail addresses, which DISTRICT and UTILITIES shall provide to each other upon execution of this Agreement and keep current through the duration of the Agreement. DISTRICT shall limit its water demand on UTILITIES' system as specified in Article III.D. The initial contacts are set forth below.

1. UTILITIES System Control

- a. Operations Supervisor, Jeremy McBeain
jmcbain@csu.org
Office Phone (719) 668-4588
Cell Phone (719) 494-6973
- b. System Control Operator, to be acknowledge within 24-hours by Operations Supervisor
Office Phone (719) 668-4570
- c. Water_accounting@csu.org

2. DISTRICT System Control

- a. Rick Davis, Water Superintendent
r.davis@securitywsd.com
Cell Phone: (719)791-6123
- b. James Jones, Assistant Superintendent
j.jones@securitywsd.com
Cell Phone (719) 791-6119

B. Delivery Interruptions. UTILITIES may interrupt deliveries of water hereunder due to lack of water supplies, infrastructure failure, system capacity failure, or water quality concerns. UTILITIES shall take all reasonable steps to provide DISTRICT with advance notice providing the reasons for any and all delivery interruptions and further take all

reasonable steps to restore deliveries of water to the DISTRICT through resolution of such issues.

C. Consecutive System Disinfection: DISTRICT and UTILITIES shall comply with Consecutive Systems Disinfection Protocol set forth in Exhibit C during the term of this Agreement.

1. **Disinfection pursuant to Exhibit C is required when:**

- a. The consecutive system is bringing the Point of Connection into service for the first time, or
- b. The consecutive system is bringing the Point of Connection back into service after repairs or similar event that has compromised the main or opened it to the environment, or
- c. The consecutive system is bringing the Point of Connection back into service after a period of >72 hours of the line being stagnant or empty. UTILITIES may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

2. **Scheduling Requirements:** UTILITIES' Water Quality Assurance requires at least two business days' notice to disinfect for consecutive system use. Notify waterquality@csu.org to schedule for disinfection.

D. Drinking Water Quality Regulatory Compliance; Required Permits:

1. The water provided by UTILITIES to DISTRICT at the Point of Connection shall be potable water which complies with the Federal Safe Drinking Water Act and the applicable Colorado Primary Drinking Water Regulations (5 C.C.R. 1002-11). Pursuant to §1.8 of the Colorado Primary Drinking Water Regulations, UTILITIES' responsibility regarding the quality of water furnished shall extend only to the Point of Connection. DISTRICT agrees that its Water Distribution System constitutes a Consecutive System and, in accordance with §1.9 of the Colorado Primary Drinking Water Regulations, DISTRICT is responsible for all applicable monitoring and reporting requirements of the Colorado Primary Drinking Water Regulations of water within DISTRICT's Water Distribution System.
2. DISTRICT will be responsible for obtaining, prior to operation, any applicable permits from any permitting authority or approvals from the Colorado Department of

Public Health and Environment required for the construction and connection of DISTRICT's Water Distribution System to UTILITIES' Water System at and from the Point of Connection and to fulfill all purposes of this Agreement. A copy of such approval will be provided to UTILITIES within 30 days of receipt by DISTRICT to the UTILITIES' contacts set forth in Article V.A below.

E. Colorado Water Quality Control Act Compliance: If at any time during the effective term of this Agreement DISTRICT fails to meet the requirements of the Colorado Water Quality Control Act applicable to DISTRICT, and applicable control regulations promulgated and permits issued thereunder, UTILITIES may in its sole discretion suspend deliveries and interrupt its performance of this Agreement, without commensurate extension of the term of this Agreement or liability to DISTRICT or any third party, including DISTRICT's customers, until DISTRICT has achieved compliance. With or without suspension or interruption by UTILITIES, DISTRICT, in the event of its failure to meet such requirements applicable to DISTRICT, shall implement cost-effective solutions to reduce water pollution with the objective of achieving and maintaining water quality in accordance with the applicable designated uses and water quality standards established by the Water Quality Control Commission and discharge permit limits imposed by the Water Quality Control Division on DISTRICT. In the event UTILITIES fails to meet the requirements of the Colorado Water Quality Control Act and applicable regulations thereunder, UTILITIES shall notify DISTRICT in the same manner as its other customers, and DISTRICT shall have the same rights and remedies as provided to UTILITIES, including the option of requesting the suspension of the delivery of water under this Agreement until such time as UTILITIES has achieved compliance.

V. STANDARD TERMS AND CONDITIONS

A. Legal Notice: Notices under this Agreement, other than DISTRICT's requests for water and UTILITIES' responses to such requests, shall be given in writing, signed by an authorized representative of the party giving notice. Telephonic or email notice is not acceptable. Notices shall be delivered by courier service delivery (such as Federal Express) that maintains delivery records requiring a signed receipt; certified mail, postage

prepaid with return receipt requested; or personal delivery to the people specified below at the following addresses:

For UTILITIES:

1. General Manager, Water Resources

Courier Service Address:

Colorado Springs Utilities
ATTN: General Manager, Water Resources
1525 S. Hancock Expressway
Colorado Springs, CO 80906

United States Postal Service Address:

Colorado Springs Utilities
ATTN: General Manager, Water Resources
P.O. Box 1103, MC 1825
Colorado Springs, CO 80947-1825

2. City Attorney's Office – Utilities Division:

City Attorney's Office
ATTN: City Attorney's Office – Utilities Division
30 South Nevada Ave., Suite 501
P.O. Box 1575, Mail Code 510
Colorado Springs, CO 80901-1575\

For DISTRICT:

1. District Manager: Roy Heald

Security Water District
ATTN: District Manager, Roy Heald
231 Security Blvd.
Security, CO 80911

2. Steven T. Monson

Monson, Cummins & Shohet, & Farr, LLC
13511 Northgate Estates Drive, Suite 250
Colorado Springs, CO 80921

Notices shall be effective (1) the next day following the date sent by courier service delivery that maintains delivery records requiring a signed receipt; (2) upon receipt by the addressee of a personal delivery; or (3) seven (7) days following the date of mailing via certified or registered mail, postage prepaid, return receipt requested.

B. Breach of Agreement and Termination:

1. **Breach of Agreement:** Upon any breach of this Agreement the non-breaching Party shall have the right to: (a) seek specific performance; (b) be reimbursed for costs; (c) be entitled to money damages for the period between the breach and the order for specific performance; or terminate this Agreement. Unless an emergency situation requires immediate action in order to protect the health, safety and welfare of its customers or UTILITIES' Water System, or of DISTRICT's customers or DISTRICT's Water Distribution System the non-breaching Party shall provide written notice to the breaching Party of a breach of this Agreement and the breaching Party shall have thirty (30) days to cure such breach or take reasonable steps to address such breach and provide the non-breaching Party with notice of same prior to exercising its rights hereunder.
 - a. **Consequential Damages.** Any action by DISTRICT that results in violations of any of UTILITIES' water service-related permits may subject DISTRICT to consequential damages for breach of contract including, but not limited to, any amounts the City or UTILITIES may be required to pay for violation of the conditions of any UTILITIES' water service- related permits to the extent that the DISTRICT's actions caused or contributed to the violation.
 - b. **Disconnection Damages:** If DISTRICT disconnects from UTILITIES' Water System for any reason other than a material breach by UTILITIES, the Parties agree that UTILITIES will suffer minimum damages equal to the cost to replace any infrastructure that UTILITIES can no longer use to provide water service to customers other than DISTRICT because of DISTRICT'S disconnection.
2. **UTILITIES Right to Suspend Service:** DISTRICT acknowledges and consents to UTILITIES' right to suspend Convey, Treat, and Deliver Service or terminate this Agreement without liability or obligation to DISTRICT or any other person or entity:
 - a. Due to a significant interruption of water supplies, a substantial disruption (including, but not limited to, legal challenges impacting UTILITIES' Water System, and maintenance and repair to the infrastructure) to UTILITIES' Water System ; or

- b. Due to DISTRICT's breach of a material term or condition of this Agreement, if DISTRICT has not taken substantial steps to cure the breach within a reasonably sufficient time frame that allows DISTRICT to cure the material breach after receiving written notice of such breach from UTILITIES; or
 - c. As otherwise authorized by the City Code or City Council.
- 3. **Notice of Breach:** Each Party shall promptly notify the other Party of circumstances that could result in a breach, and UTILITIES shall further promptly notify DISTRICT of changes in City Code, or City Council action that could result in termination of the Agreement.
- 4. **Effect of Termination:** Upon termination, UTILITIES shall have no further obligation to provide Standby Regional Water Service to DISTRICT and DISTRICT's Water Distribution System shall be disconnected from UTILITIES' Water System. Upon termination of this Agreement, UTILITIES shall determine the connection facilities between DISTRICT's Water Distribution System and UTILITIES' Water System that must be removed at DISTRICT's sole expense. UTILITIES shall determine the way the connection facilities are to be removed and water delivery services discontinued in accordance with UTILITIES' WLESS. All outstanding charges owed by DISTRICT to UTILITIES are due and payable prior to the disconnection of service. If all outstanding charges owed by DISTRICT to UTILITIES are not paid prior to disconnection, DISTRICT's obligation to make full payment shall survive termination of this Agreement.
- C. **Approvals/Permits:** The Parties expressly acknowledge that the service contemplated and/or the construction of any Improvements under this Agreement may be dependent upon the receipt of any necessary approvals and/or permits by Federal, State, and local governmental and/or regulatory entities. DISTRICT shall be solely responsible for obtaining and complying with all approvals or permits necessary to accomplish the provision of water service and water conveyance by UTILITIES to DISTRICT under this Agreement. UTILITIES will cooperate as reasonably requested by DISTRICT in any application or proceedings to obtain such approvals.
- D. **DISTRICT Dissolution:** If DISTRICT seeks to dissolve pursuant to relevant laws, rules, and regulations, then DISTRICT shall provide a copy of its dissolution petition to

UTILITIES, at the time of its filing. The dissolution petition shall provide for assignment of DISTRICT's rights and obligations under the Agreement to a third party acceptable to UTILITIES. If no provision is made for such an assignment or other arrangement reasonably acceptable to UTILITIES, upon DISTRICT's dissolution, this contract shall be null, void and of no further force or effect, and UTILITIES shall have no further obligation to provide water service pursuant to the terms of this Agreement.

E. City of Colorado Springs Compliance:

1. This Agreement is for "Contract Service – Regional (WCR), Standby Service Option," as provided in the Tariffs. The water service provided under this Agreement shall be governed by the Colorado Springs City Charter, the City Code, the Tariffs, WLESS, and all other applicable City of Colorado Springs' or UTILITIES' ordinances, resolutions regulations, policies and rules concerning use of UTILITIES' Water System as may be amended or replaced, except as otherwise provided in this Agreement. DISTRICT shall comply with applicable laws, ordinances, regulations, rules or policies concerning use of UTILITIES' Water System as they exist now or may be amended or replaced in the future. The Parties acknowledge and agree that City Code Chapter 12, Article 4, Part 13 is not applicable to DISTRICT under this Agreement.
2. In accordance with City Code § 12.4.304, DISTRICT submits to the jurisdiction of the City of Colorado Springs for the purposes of the enforcement procedures set out in City Code Chapter 12, Article 4 that are applicable to this Agreement.

F. Compliance with Laws and Regulations: This Agreement and the rights and obligations of the Parties hereunder shall be subject to all applicable laws, orders, court decisions, directives, rules, and regulations of any duly constituted governmental body or official having jurisdiction. Nothing contained in the Agreement, however, shall require either Party hereto to comply with any law, the validity of applicability of which shall be contested in good faith and, if necessary or desirable, by appropriate legal proceedings. DISTRICT agrees to comply with all applicable ordinances, regulations and rules concerning the connection to and use of UTILITIES' Water System by DISTRICT.

G. No Assignment without Consent; No Third-Party Beneficiary: There shall be no assignment of the rights or obligations contained in this Agreement by either Party

without the prior written consent by the other Party, and any such assignment shall be null and void. Unless otherwise prohibited, upon written notice to DISTRICT, UTILITIES may assign this Agreement without consent to the City of Colorado Springs, Colorado. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than UTILITIES and DISTRICT.

- H. Governing Law, Jurisdiction and Venue:** This Agreement shall be construed in accordance with the laws of the State of Colorado (except for its conflict of law provisions) as well as the Colorado Springs City Charter and the City Code. The place of performance and transaction of business shall be deemed to be in the County of El Paso, State of Colorado. In the event of litigation, the exclusive venue and place of jurisdiction shall be El Paso County, Colorado and, if necessary, for exclusive federal questions, the United States District Court for the District of Colorado.
- I. Force Majeure:** Neither Party shall be liable for delays in performing its obligations to the extent the delay is caused by an unforeseeable condition beyond its reasonable control without fault or negligence, including strikes, riots, wars, floods, fires, explosions, acts of nature, acts of government, or labor disturbance.
- J. Appropriation of Funds:** In accord with the Colorado Springs City Charter, performance of UTILITIES' obligations under this Agreement is expressly subject to appropriation of funds by City Council. In the event funds are not appropriated in whole or in part sufficient for performance of UTILITIES' obligations under this Agreement, or appropriated funds may not be expended due to City Charter spending limitations, then this Agreement will thereafter become null and void by operation of law, and UTILITIES will thereafter have no liability for compensation or damages to DISTRICT for future performance and obligations thereafter in excess of UTILITIES' authorized appropriation for this Agreement or applicable spending limit, whichever is less. UTILITIES will notify DISTRICT as soon as reasonably practicable in the event of non-appropriation or in the event a spending limit becomes applicable.
- K. Entire Agreement; Modifications to be in Writing:** This Agreement, including any and all appendices and exhibits attached hereto, contains the entire understanding between the Parties. No modification, amendment, notation, or other alteration to this Agreement shall be valid or any force or effect unless mutually agreed to by the Parties in writing as an

addendum to this Agreement. At the time of the execution of this Agreement, there are no other terms, conditions, requirements, or obligations affecting this Agreement which are not specifically set forth therein. Electronic mail and all other electronic (including voice) communications from UTILITIES, except as otherwise specifically provided herein, in connection with this Agreement, are for informational purposes only. No such communication is intended by UTILITIES to constitute either an electronic signature or to constitute any agreement by UTILITIES to conduct a transaction by electronic means. Any such intention or agreement is hereby expressly disclaimed.

- L. No Precedent; Severability:** The Parties agree that neither of them intends that this Agreement shall in any way constitute a precedent or standard for any future Agreement, nor vest any rights in either Party or any third party for novation, renewal, modification, or addition of any other rights or services on account of this Agreement's existence, as it is based solely on unique conditions currently existing at the time of execution. Any provision or part of this Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be binding upon the Parties and this agreement shall be reformed to replace such stricken provisions with a new provision that comes as close as possible to expressing the intention of the stricken provision.
- M. Remedies Cumulative:** Remedies herein are cumulative and may be used individually, sequentially, concurrently, or in any order.
- N. Audits:** UTILITIES shall have the right to audit at any time all of DISTRICT's records relating to compliance with this Agreement. DISTRICT shall have the right to audit all UTILITIES' records relating to compliance with this Agreement.
- O. No Exclusive Rights:** Nothing in this Agreement shall be construed as a grant by either Party of any exclusive right or privilege.
- P. Waiver:** No waiver by either Party of any terms or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different provision of this Agreement.
- Q. Limitations upon Consent:** Whenever, under the terms of this Agreement, UTILITIES is authorized to give its written consent, UTILITIES, in its discretion, may give or may

refuse such written consent and if given, may restrict, limit, or condition such consent in such manner as it shall deem advisable.

R. Liability:

1. **Party Responsible for Own Negligence:** Each Party shall be responsible for its own negligence. Neither Party waives the benefits or obligations afforded it by the Colorado Governmental Immunity Act, C.R.S. 24-10-101, *et seq.*
2. **UTILITIES' Limitation of Liability:** In addition to force majeure events described in this Agreement, UTILITIES shall not be liable in tort or contract to DISTRICT or its customers for failure to provide water service under this Agreement if such failure is the result of a significant interruption of water supplies or an inadequate natural physical water supply, a substantial disruption to UTILITIES' Water System (including, but not limited to, legal challenges impacting the water system, and maintenance and repair of UTILITIES' Water System), or the adoption and implementation of water use or delivery restrictions in accordance with City Code.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date of the last signature below.

COLORADO SPRINGS UTILITIES

SECURITY WATER DISTRICT

Acting by and through its water activity
enterprise

By: _____

By: _____

Travas Deal
Chief Executive Officer

Roy Heald
District Manager

APPROVED AS TO FORM:

Michael Gustafson

City Attorney's Office – Utilities Division

DRAFT
AWAITING VERIFICATION

Exhibit A – Map of District’s Service Area

DRAFT
AWAITING VERIFICATION

Exhibit B– Infrastructure Configuration

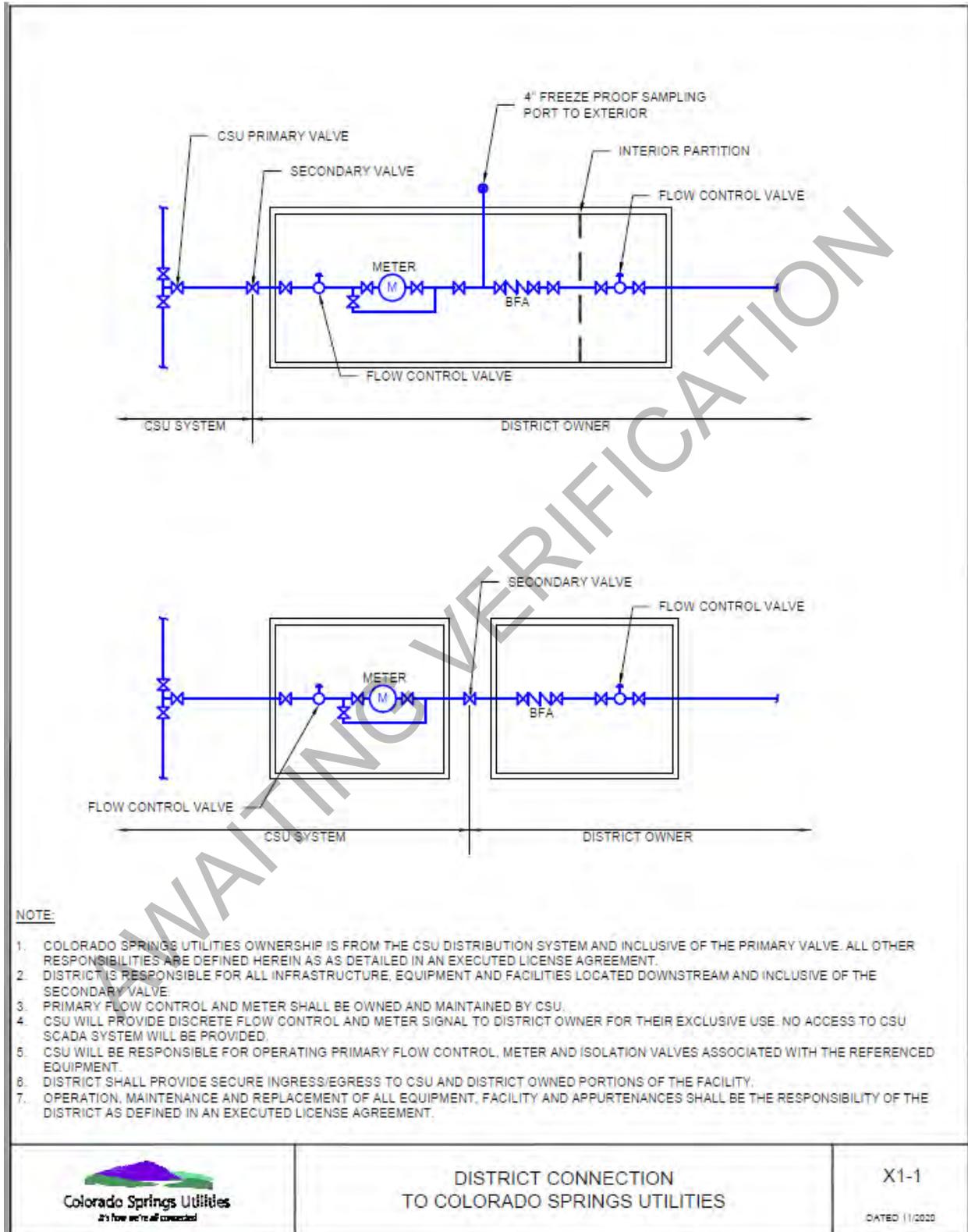


Exhibit C – Consecutive System Disinfection Protocol

1.0 Purpose

The purpose of this Consecutive Systems Disinfection Protocol for Regional Water Service Contracts Appendix is to define Colorado Springs Utilities' (Utilities) and the Regional Water Service Contract holder's roles and responsibilities pertaining to potable water main disinfection procedures for Connective Systems.

A Consecutive System is defined as a Public Water System that receives some or all its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems.

The Consecutive System Standard Operating Procedure followed by Colorado Springs Utilities is available upon request.

2.0 Scope

The scope of this document is to establish the standard for managing the sanitary practices of Consecutive System to Utilities' water system. The objective is to protect Utilities' potable water distribution system, public health, prevent waterborne disease outbreaks, and comply with Colorado Primary Drinking Water Regulations.

Disinfection of the system is required when:

1. The Consecutive System is bringing the interconnect into service for the first time, or
2. The Consecutive System is bringing the interconnect back into service after repairs or similar event that has compromised the main or opened it to the environment.

Flushing of the system is required when the Consecutive System is bringing the interconnect back into service after a period of >72 hours of the line being stagnant or empty. Utilities may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

3.0 Scheduling Requirements

Scheduling requirements for a Potable Water Main Disinfection or system flush are as follows:

1. The Operator in Responsible Charge (ORC) of the Consecutive System receiving water shall notify Utilities' Water Quality Assurance department (WQA) at waterquality@csu.org to schedule a system flush at least two business days prior to date of flush. WQA is not able to accommodate requests for potable water main disinfection or system flush without at least **two business days'** notice.
2. The following information must be included when requesting flushing services:
 - Point of Contact (Name and Phone Number).
 - Address or Intersection of where the flush will be taking place.
 - Requested date and time of the flush

3. The site ORC and Operations from the Consecutive System shall be available at the time of chlorination to assist with any issues that may occur such as valve locations, closed valves, leaks, main breaks, cross-connections, or safety concerns.

4.0 Responsibilities

This section defines the general responsibilities of stakeholders within Utilities that are directly involved with the disinfection and flushing of potable water mains for Connective Systems.

4.1 Colorado Springs Utilities Responsibilities:

- Utilities' Water Quality Assurance (WQA) team is responsible for the managerial oversight of all chlorination injections, disinfections, system flushing, chlorine neutralization and system monitoring during dewatering activities.
- Utilities' Distribution and Collection Specialist is considered the Operator in Responsible Charge of all Utilities' potable mains under the control of the assigned specialist. This encompasses legal responsibility of all distribution system pipelines being operated and maintained.

4.2 Consecutive System Operations/ Management:

- Public Water Systems that receive water from Utilities will be considered the ORC downstream of the demarcation/interconnect valve. This encompasses legal responsibility of all distribution system pipelines being operated and maintained. Responsibilities include, but are not limited to, the following:
 - The oversight authority of the operation of the Consecutive System's potable water distribution system.
 - Placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
 - Overseeing the operation of pressure regulation equipment, cross-connection and system control valves.
 - ORC is responsible for the operation and maintenance of the cross-connection device, to include state certified cross connection control technician simultaneously testing its backflow assembly to ensure proper operation.

5.0 Operational Procedures

5.1 Initial start-up of a consecutive system:

Prior to the initial start-up of a consecutive system:

- WQA will work with the Utilities ORC and the consecutive system ORC to disinfect the main.

- Utilities will conduct bacteriological testing.
- Utilities will notify the Consecutive System's ORC of a bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, Utilities will open the demarcation valve and the consecutive system ORC will operate their valve and place the main into service.

5.2 Temporary shut downs (>72 hours):

- The Consecutive System's ORC or representative will notify Water Operations when water supply is no longer needed.
- Water Distribution Operations will close demarcation valve. **NOTE:** Whenever possible, the water main should not be left isolated for longer than 72 hours. Additional sampling, disinfection, or flushing may be required if main is left isolated >72 hours.

5.3 Temporary shut downs (<72 hours):

- Utilities will conduct bacteriological testing. Utilities will notify the Consecutive System's ORC of bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, CSU will open demarcation valve and the consecutive system ORC will operate their valve and place the main in service.

5.4 Emergency Start-up:

The following are steps toward disinfecting and dewatering at CCWD:

- Water Operations receives the emergency call from the Consecutive System's ORC requesting water.
 - Note: It is expected that Utilities has at least 24 hours of response time for all requests for water.
- WQA coordinates valve operation and discharge locations with water Distribution Operations and the Consecutive System's ORC.
- WQA will facilitate the chlorination and dewatering process and manage discharge protocols.
- Following dewatering, WQA will collect, document, and deliver a bacteriological sample to Laboratory Services for analyses. Bacteriological results will be provided to the consecutive system ORC approximately 24 hours from sample collection.

6.0 Process

6.1 Flushing:

When the connecting main has been empty or stagnant (for example, valved off during low consumption periods) for > 72 hours and the main has not been compromised in any way, a disinfection is not required.

- Utilities' WQA team will be responsible for managing all waters associated with dewatering, to include dichlorination and pH mitigation if necessary.
- Operations from the Consecutive System will be responsible for best management practices (BMPs) which adequately mitigate erosion, control runoff, and protect storm inlets. Alternatively, Operations from the Consecutive System will be responsible for providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- Flushing will be complete when the volume of the main has been turned over three times or chlorine line residual and clarity have been reached.
- After flushing, WQA personnel will collect a bacteriological sample from Utilities' side of the interconnect closest to the demarcation valve to ensure water being delivered meets all Safe Drinking Water Act standards. This analysis takes approximately 24 hours to complete. Water will not be delivered until the sample has been read and authorized as absent of total coliform.
- If requested, Utilities personnel may also collect a bacteriological sample from the Consecutive System's side of the interconnect.

6.2 Disinfection:

Disinfection is required when the connecting main is brought into service for the first time or when the main has been compromised in any way, such as during repairs or breaks.

- WQA personnel will be responsible for determining which disinfection method is most appropriate. WQA personnel will also be responsible for all aspects of water management during disinfection and flushing.
- The Consecutive System's ORC will be responsible for BMP placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- If disinfection activities must occur downstream of the demarcation valve, Utilities will function as a contractor if requested by the consecutive system. These activities are a courtesy to the Consecutive system and Utilities holds no liability for infrastructure damage or contamination. Additionally, the consecutive system will be responsible for all time and material costs incurred by Utilities associated with the disinfection. The Consecutive System's ORC will be responsible for operating all appurtenances and valves on their system.

6.3 Sampling Requirements:

At the Consecutive System point of entry, WQA will verify the disinfection concentration meets acceptable levels, perform a clarity check, confirm free chlorine residual, and collect bacteriological samples.

Bacteriological Sampling Points

WQA will collect bacteriological samples from:

- The closest possible appurtenance to the tie-in point.
- The furthest appurtenance on each leg of the main.
- Every 1000 linear feet of main.

Water Quality Check

- WQA will perform a water quality check, confirming free chlorine residual is >0.20 mg/L and collect a bacteriological sample at the closest possible appurtenance to the demarcation point and downstream of the demarcation valve, if requested.
- Results are read within 18 to 24 hours from sample set up time.
- If the result is “absence” for total coliform, the Laboratory Services Section (LSS) Microbiology Lab will contact the site ORC that the sample “passed”.
- Potable water mains should be placed back into service immediately following an “absence” result for total coliform

Note: Whenever possible, a water main should not be left isolated for longer than 72 hours after confirmation. Additional sampling, disinfection, and flushing may be required if main is left isolated >72 hours.

Bacteriological Resampling

If a bacteriological sample analysis results in “presence” for total coliform, the potable water main in question shall remain isolated and will be re-sampled

- Resampling a bacteriological sample after the first failure event.
 - If a sample results in “presence” for total coliform, TWO additional bacteriological samples will need to be taken from the isolated point of failure.
 - Samples will be collected within 48 hours of the first failure, at least 16 hours apart.
 - Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- Resampling a bacteriological sample if there is a SECOND failure event.
 - Sample will be collected within 48 hours of the first failure, at least 16 hours apart.

- Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- If the results are “absent” for total coliform, the LSS Microbiology Lab will contact the site ORC that the samples “passed”.
- Consecutive System can be placed in service.
- In the event of a THIRD failure:
 - If the main fails a third time after disinfection, it will be considered contaminated. At the discretion of the LSS Manager and WQA Supervisor, more extensive mitigation strategies will be implemented, up to and including removal and replacement of the contaminated section of the main.

AWAITING VERIFICATION

A RESOLUTION AUTHORIZING AND DIRECTING THE CHIEF EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO ENTER INTO AN AGREEMENT FOR STANDBY REGIONAL WATER SERVICE BETWEEN COLORADO SPRINGS UTILITIES AND SECURITY WATER DISTRICT

WHEREAS, City Code §12.4.304 and Colorado Springs Utilities' Tariffs allow Colorado Springs Utilities to provide by contract for the use of or connection to its water supply system by institutions, plants, districts, governments, municipal corporations, or other similar users located outside the corporate limits of the City; and

WHEREAS, Security Water District is a Colorado statutory water district with service area located just south of Colorado Springs and east of Fort Carson within the Colorado Springs metropolitan area; and

WHEREAS, Security Water District currently services a customer base of approximately 7,750 taps; and

WHEREAS, Security Water District has requested Standby Regional Water Service from Colorado Springs Utilities under which its renewable water supplies, or fully reusable water owned or controlled by Colorado Springs Utilities, will be treated and delivered through Colorado Springs Utilities' infrastructure to the existing point of connection between Colorado Springs Utilities' water system and Security Water District's water system subject to volumetric limitations if there are disruptions to its normal water system operations; and

WHEREAS, Colorado Springs Utilities currently has sufficient infrastructure capacity in its water system; water transportation displacement, and storage capacity not including UTILITIES' excess capacity storage space in the Fryingpan-Arkansas Project; and water treatment capacity to provide interruptible Standby Regional Water Service to Security Water District; and

WHEREAS, in exchange for Standby Regional Water Service, Security Water District has agreed to pay the rates and fees set forth in Colorado Springs Utilities' Tariffs for such service; and

WHEREAS, the Utilities Board recommended that City Council approve a long-term Agreement for Standby Regional Water Service with Security Water District; and

WHEREAS, Colorado Springs Utilities requests that City Council authorize and direct the Chief Executive Officer of Colorado Springs Utilities to enter into a long-term Agreement for Standby Regional Water Service with Security Water District.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. City Council finds and determines that a long-term Agreement for Standby Regional Water Service between Colorado Springs Utilities and Security Water

District will benefit the public health, safety and welfare of the surrounding community and is in the best interest of the City.

Section 2. City Council further finds and determines that a long-term Agreement for Standby Regional Water Service between Colorado Springs Utilities and Security Water District will have a de minimis impact on the overall City's available water supply since Colorado Springs Utilities will primarily be delivering renewable water supplies owned by Security Water District under the Agreement.

Section 3. The Chief Executive Officer of Colorado Springs Utilities is authorized and directed to enter into a long-term Agreement for Standby Regional Water Service with Security Water District in a form substantially similar to that attached hereto.

Section 4. This Resolution shall be in full force and effect immediately upon its adoption.

Dated at Colorado Springs, Colorado this ____ day of April, 2023.

Council President

ATTEST:

Sarah B. Johnson, City Clerk

**AGREEMENT BETWEEN COLORADO SPRINGS UTILITIES AND
TRIVIEW METROPOLITAN DISTRICT FOR
CONVEY, TREAT, AND DELIVER REGIONAL WATER SERVICE**

THIS AGREEMENT (“Agreement”) is made and entered into by and between Colorado Springs Utilities, an enterprise of the City of Colorado Springs, a Colorado home-rule city and municipal corporation, hereinafter called “UTILITIES,” and Triview Metropolitan District, 16055 Old Forest Point Suite 302, Monument, Colorado, hereinafter called the “DISTRICT.” Both the UTILITIES and DISTRICT hereinafter are each individually referred to as “Party” and collectively referred to as the “Parties.”

I. RECITALS

- A. DISTRICT is a Colorado metropolitan district authorized under C.R.S. §32-1-1001 et seq., for provision of municipal water service, in addition to other municipal services, and is located in northern El Paso County, Colorado. DISTRICT was formed on May 13, 1985 by decree of the El Paso County District Court in Case No. 85CW893. DISTRICT provides water, wastewater, and stormwater services to a 2,590 acre service area with approximately 2100 taps in the Colorado Springs metropolitan area. DISTRICT is approximately one-half built out, and currently serves a customer base of approximately 2,600 single family equivalents, consisting of approximately 2076 residences and 74 commercial properties in the greater Colorado Springs metropolitan area;
- B. DISTRICT is a member of the Pikes Peak Regional Water Authority and maintains emergency water connections with neighboring communities and special districts, including the Forest Lakes Metropolitan District (“FLMD”), and the Donala Water and Sanitation District (“Donala”);
- C. DISTRICT has purchased renewable water supplies and intends to increase and further diversify its water supply to meet its long-term water needs and reduce its historic and current reliance on non-renewable groundwater resources;
- D. UTILITIES currently has infrastructure capacity in its water system; sufficient water transportation displacement, and storage capacity not including UTILITIES’ excess capacity storage space in the Fryingpan-Arkansas Project; and water treatment capacity to provide interruptible convey, treat, and deliver water service to DISTRICT under this Agreement;

- E. DISTRICT's Service Area is located outside of the Southeastern Colorado Water Conservation District (SECWCD) boundaries. DISTRICT's Service Area must either be included within SECWCD's boundaries or DISTRICT must request and receive a written waiver of the inclusion requirement from both SECWCD and the Bureau of Reclamation ("Reclamation") that allows DISTRICT to receive delivery of renewable water supplies through UTILITIES' Water System pursuant to this Agreement without inclusion;
- F. DISTRICT has obtained a Long Term Excess Capacity Storage contract for Pueblo Reservoir from Reclamation, as well as received a Pueblo County 1041 Permit, to be able to receive deliveries from UTILITIES' Water System;
- G. DISTRICT desires to receive Convey, Treat, and Deliver Regional Water Service from UTILITIES to meet the water demands of DISTRICT;
- H. DISTRICT will establish a Point of Connection with UTILITIES at UTILITIES' Highway 83 tank site;
- I. UTILITIES has sufficient capacity in its Water System to convey, treat, and deliver DISTRICT Water to DISTRICT at the Highway 83 tank site;
- J. Pursuant to Section 6-50 (Water Rights) of Article VI (Utilities) of the Charter of the City of Colorado Springs, as amended, the City of Colorado Springs has the authority to buy, exchange, augment, lease, own, and control water and water rights; and
- K. UTILITIES has entered into this Agreement pursuant to Section 12.4.304 (Service: Special Contract) of Article 4 (Water Code) of Chapter 12 (Utilities) of the Code of the City of Colorado Springs 2001, as amended (Ord. 10-76).

II. DEFINITIONS

- A. For the purposes of this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise. Terms not otherwise defined herein shall have the meaning adopted in the latest amendment to the City Code of Colorado Springs Colorado 2001, as amended ("City Code"):
 - 1. **Consecutive System:** The Code of Colorado Regulations defines a Consecutive System as a Public Water System that receives some or all of its finished water from one or more wholesale systems. Delivery may be through a direct connection or

- through the distribution system of one or more Consecutive Systems pursuant to a separate agreement between all involved parties.
2. **Convey, Treat, and Deliver Regional Water Service:** Water service as defined in UTILITIES' Water Rate Schedule – Contract Service -Regional (WCR) Convey, Treat and Deliver Option whereby UTILITIES' infrastructure is used to convey, treat, and deliver DISTRICT Water to DISTRICT to help meet the water needs of DISTRICT. Service may be interrupted from time to time.
 3. **DISTRICT's Service Area:** The areas as identified as DISTRICT's Service Area on Exhibit A.
 4. **DISTRICT's Water Distribution System:** Any devices, facilities, structures, equipment or works owned and/or operated by DISTRICT for the purpose of providing water service to DISTRICT's customers located within DISTRICT's Service Area.
 5. **DISTRICT's Wastewater Collection System:** Any devices, facilities, structures, equipment or works owned by DISTRICT for the purpose of collection, storage, transmission, treatment and discharge of wastewater from DISTRICT's customers.
 6. **DISTRICT Water:** Fully consumable water owned or leased by DISTRICT that can legally be used for municipal purposes within DISTRICT's water service area.
 7. **Full Service:** Water service as defined in UTILITIES' Water Rate Schedule – Contract Service -Regional (WCR) Full Service Option.
 8. **Full Service Water:** Fully consumable water owned or controlled by the City of Colorado Springs that can legally be used for municipal purposes within DISTRICT's Service Area.
 9. **Monument/Fountain Creek Transit Loss Model (“Model”):** The daily accounting model currently used by the Division of Water Resources to determine transit loss and water allocations along Monument and Fountain Creeks. Model shall also apply to any successor model(s) used by the Division of Water Resources for the same purposes.
 10. **Point of Connection:** The master meter installed at the location where UTILITIES' Water System is connected to DISTRICT's Water Distribution System.

11. **Public Water System:** The Code of Colorado Regulations defines a Public Water System as a system for the provision to the public of water for human consumption through pipes or other constructed conveyances if such system has at least fifteen service connections or regularly serves an average of at least 25 individuals daily at least 60 days per year.
12. **Tariffs:** UTILITIES' Water Rate Schedules together with Utilities Rules and Regulations.
13. **UTILITIES' Water System:** UTILITIES' Water System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of providing regional water service to DISTRICT's Water Distribution System.
14. **UTILITIES' Wastewater Treatment System:** UTILITIES' Wastewater Treatment System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of collection and treating wastewater.
15. **WLESS:** UTILITIES' Water Line Extension and Service Standards, as may be amended or replaced.
16. **Water Regional System Availability Fee (WRSAP):** A fee assessed for each new connection to UTILITIES' supply system by contract outside the corporate limits of the City in areas where UTILITIES' Water System is available for use by UTILITIES to serve institutions, plants, organized water districts, municipal corporations, or other similar organizations and only with prior approval by the Colorado Springs City Council.
 - a. The WRSAP reflects the amount of capacity needed within UTILITIES' Water System to meet the obligations of regional water contracts.
 - b. The WRSAP is determined based on the meter size needed to deliver the maximum daily delivery rate in million gallons per day as well as the maximum delivery volume in acre-feet per year.

III. AGREEMENT FOR SERVICE

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, INCLUDING THE FOREGOING REPRESENTATIONS, IT IS AGREED AS FOLLOWS:

A. **Term:** This Agreement shall become effective upon the date of the last signature below and remains in effect until 5 pm MST on December 31, 2026.

1. **Extension:** Upon DISTRICT's notice to UTILITIES that DISTRICT's Service Area has been included in SECWCD's boundaries or DISTRICT has received written authorization from both SECWCD and Reclamation that it can receive long-term Convey, Treat, and Deliver Regional Water Service from UTILITIES without inclusion, this Agreement shall remain in effect until 5 pm MST on December 31, 2048.

2. **Renewal:**

a. No later than eighteen (18) months prior to the expiration of the Term, the Parties shall begin good faith negotiations on a new agreement for UTILITIES' provision of Convey, Treat, and Deliver Regional Water Service to DISTRICT, with the expectation that such new agreement ("New Agreement") shall be substantially similar to this Agreement. The Parties acknowledge that the intent of the Agreement is for the Parties to enter into such successive New Agreements so as to continue the provision of service as contemplated herein, subject to approval by the Colorado Springs City Council.

b. If the Parties are unable to execute a New Agreement by the date that is six (6) months prior to the end of the Term:

i. UTILITIES may notify DISTRICT in writing that DISTRICT shall be disconnected from UTILITIES' Water System as of the expiration of the Term; or

ii. If the Parties mutually agree to continue good faith negotiations for a new water service agreement beyond the Term, the term may be extended for an additional one (1) year term at UTILITIES' sole discretion.

B. **Convey, Treat, and Deliver Regional Water Service:**

1. UTILITIES agrees to provide DISTRICT water service during the term of this Agreement. UTILITIES shall not be obligated to deliver more than 2,200 acre-feet annually of DISTRICT Water to DISTRICT, unless a greater amount is approved in writing by UTILITIES.

2. UTILITIES shall deliver water provided under this Agreement to DISTRICT at the Point of Connection. It is not the Parties intent for the DISTRICT to take delivery of Full Service Water under this Agreement except in the event of an emergency that results in DISTRICT's normal Water Distribution System operations being significantly disrupted such that DISTRICT has a need for water supplies in excess of available DISTRICT Water. If such an emergency occurs, and UTILITIES has determined Full Service Water is available, DISTRICT may request and receive deliveries of Full Service Water on a temporary basis. Any such emergency shall be expediently resolved and DISTRICT shall, at all times, seek to avoid taking delivery of any Full Service Water.
 3. DISTRICT shall be solely responsible for taking all actions necessary for DISTRICT's Service Area to be included within SECWCD's boundaries or obtaining a written waiver of the inclusion requirement. UTILITIES shall have no obligation to provide water service until DISTRICT's Service Area is included within the SECWCD's boundaries or DISTRICT obtains a written waiver of the inclusion requirement from SECWCD and Reclamation and provides UTILITIES with notice of such inclusion or waiver.
- C. **Point of Connection:** DISTRICT shall be solely responsible, financially and otherwise, for designing, installing, and constructing all infrastructure improvements UTILITIES determines are necessary to provide service and all other related facilities necessary for use in connection with this Agreement ("Improvements"). Upon completion of design, installation and construction of the Improvements, DISTRICT shall convey and dedicate to UTILITIES, on a form acceptable to UTILITIES, ownership of all the Improvements located between the water main/tap and the secondary valve and DISTRICT shall continue to own all of the Improvements located between and including the secondary valve and DISTRICT's Water Distribution System as depicted on Exhibit B.
1. The Improvements shall include:
 - a. Primary valve which will be owned and maintained by UTILITIES;
 - b. Secondary valve which will be owned and maintained by DISTRICT;
 - c. Inlet valve;
 - d. Flow control valve;

- e. Meter which will be owned and maintained by UTILITIES;
 - f. Backflow prevention assembly in a configuration similar to that shown in Exhibit B; and
 - g. Controls to allow UTILITIES to limit deliveries of water to DISTRICT to the maximum extent required.
2. The Improvements shall be agreed upon by the Parties in advance and shall be designed, installed, constructed, operated, and maintained in accordance with the Colorado Springs City Code and the applicable UTILITIES' WLESS. The Parties agree and acknowledge that the Point of Connection will be constructed upon property owned by UTILITIES and utilized by DISTRICT pursuant to a separate License Agreement. With the limited exception of the Point of Connection infrastructure located on UTILITIES-owned property and constructed and operated pursuant to a separate License Agreement between the Parties, the Improvements shall be located on property owned by DISTRICT or in rights-of-way or easements dedicated to DISTRICT ("DISTRICT Property"). DISTRICT Property shall be limited to real property interests, including easements and rights-of-way, necessary for access to and for construction, repair, maintenance, and replacement of the Point of Connection, but shall expressly not include DISTRICT Property downstream of the Point of Connection. UTILITIES shall have the sole discretion to determine and approve the actual location and design of the Improvements. DISTRICT shall, at its own cost and subject to UTILITIES' approval, locate, design, and construct the Improvements in such a manner and of such material that the Improvements will not at any time be a source of danger to or interference with any of UTILITIES' structures, facilities, or operations. UTILITIES shall have the right to perform its own inspection of all completed Improvements to ensure compliance with the City Code and UTILITIES' WLESS. DISTRICT shall warranty all workmanship on the Improvements for a minimum of two years.
3. DISTRICT shall own and shall be solely responsible, financially, and otherwise, for the operation, maintenance and repair, improvement, including any improvement, repair or maintenance that is requested by UTILITIES, of the parts of the Point of Connection located between and including the secondary valve and DISTRICT's

Water System as depicted in Exhibit B and all other related facilities necessary for DISTRICT's use in connection with this Agreement.

4. UTILITIES shall be responsible for the operation, maintenance, and repair of all parts of the Point of Connection dedicated and conveyed to it that are located between the water main/tap and the secondary valve as depicted in Exhibit B. DISTRICT agrees to reimburse UTILITIES for its time-and-material costs associated with the maintenance and repair of all Improvements.
5. DISTRICT hereby grants UTILITIES the perpetual right to ingress and egress over and through DISTRICT Property, including property owned by DISTRICT or in rights-of-way or easements dedicated to DISTRICT, to the Point of Connection so that UTILITIES may operate, maintain, repair, and inspect the portions of the Point of Connection and Improvements it is responsible for as well as perform its other duties under this Agreement and any future agreement between the Parties related to the provision of water service.
6. The Parties shall keep the Point of Connection and Improvements for which they are responsible pursuant to this Article III.D maintained so that they continue to properly serve the purposes for which they were originally intended. All repair or maintenance of the Point of Connection and Improvements shall be completed in a timely manner and in accord with standard industry practices and UTILITIES' WLESS. Within sixty (60) days of the completion of design, installation and construction of the Improvements DISTRICT shall:
 - a. Convey and dedicate to UTILITIES, on forms acceptable to UTILITIES, ownership of all the portions of the Point of Connection and Improvements located between the water main/tap and the secondary valve as depicted in Exhibit B.
7. No deliveries of water will be made to the Point of Connection under this Agreement until UTILITIES is satisfied that the Point of Connection is in compliance with the Colorado Springs City Code and UTILITIES' WLESS, and all necessary easements or other property interests have been conveyed to UTILITIES.

D. Volumetric Delivery Terms: DISTRICT shall limit its water demand on UTILITIES' system to an instantaneous flow rate of not less than 0 gallons per minute, not more than

1,750 gallons per minute, and a total maximum daily delivery of 2.5 million gallons per day (daily flow limit). UTILITIES agrees to maintain the hydraulic grade line at the Point of Connection at or above 7,120 feet. UTILITIES may, as it deems necessary and without providing DISTRICT notice, increase, decrease, or waive these daily and instantaneous flow limits based on system performance to protect UTILITIES' Water System and deliveries to UTILITIES' customers or other good cause. UTILITIES will make best efforts to provide DISTRICT timely notice of any changes of this type.

- E. **DISTRICT Water Supply Obligation:** DISTRICT agrees that DISTRICT bears the sole responsibility for providing a permanent supply of water to meet its customers' demands. DISTRICT shall maintain and operate its Water Distribution System on a continuous, year-round basis to meet such obligations.
- F. **Use of Water:** The DISTRICT agrees not to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside the Arkansas River Basin. DISTRICT further irrevocably commits not to serve water delivered under this Agreement to property located outside of the natural drainage of the Arkansas River or to market, transfer, wheel, or otherwise provide water to properties or entities located outside the natural drainage of the Arkansas River Basin. DISTRICT agrees not to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside DISTRICT's Service Area as of the date of this Agreement or to any entity or person other than the current residential, commercial, industrial and contract customers of DISTRICT, except DISTRICT may wheel water delivered by this AGREEMENT to FLMD should DISTRICT obtain written agreement from Reclamation, SECWCD, and amend its Pueblo County 1041 Permit to allow for such service. FLMD is not a beneficiary of this Agreement, except as they may receive water service from DISTRICT. In addition, so long as marijuana is an illegal substance under Federal Law, DISTRICT shall not use, or allow its customers to use, the water provided under this agreement, directly or indirectly, to support the cultivation or distribution of marijuana.
- G. **Water Rights Unaffected:** Neither Party is transferring the ownership of any of its water rights under this Agreement.
- H. **Acceptance of DISTRICT Water into UTILITIES' Water System:** The acceptance of DISTRICT Water into UTILITIES' Water System will be accomplished by book over of

DISTRICT Water from DISTRICT's account in Pueblo Reservoir, or some other mutually agreed upon location, to the UTILITIES' Water System at a location designated by UTILITIES. Should the mutually agreed upon location for book over be unavailable, DISTRICT is responsible for securing the ability to book over water at another mutually agreed upon location. DISTRICT Water shall be delivered to UTILITIES at locations and during times as requested at UTILITIES' sole discretion. Further, it is agreed that UTILITIES shall not be obligated to accept into its Water System any DISTRICT Water that would interfere with UTILITIES' rights, operations, or yields. The use and administration of any DISTRICT Water not accepted into UTILITIES' Water System will be the sole responsibility of DISTRICT. DISTRICT shall be responsible for all accounting and administration requirements in connection with its diversion and use of DISTRICT Water under this Agreement. Upon acceptance into UTILITIES' Water System, the accepted DISTRICT Water takes on the character of fully consumable water that can be used in accordance with UTILITIES' water rights decrees and the water delivered to DISTRICT and any return flows therefrom up to the amount of DISTRICT Water accepted into UTILITIES' Water System take on the character of DISTRICT Water delivered to DISTRICT via UTILITIES' Water System. If DISTRICT Water cannot be booked over, is not accepted into UTILITIES' Water System or more water than accepted was delivered by UTILITIES, all water delivered to DISTRICT in excess of the amount of DISTRICT Water accepted into UTILITIES' Water System shall be considered Full Service Water. This Agreement is subject to the administration of water rights by the Division of Water Resources.

I. Return Flows:

1. DISTRICT Water

- a. UTILITIES shall maintain dominion and control of all DISTRICT Water being delivered through UTILITIES' Water System to DISTRICT until such water is delivered at the Point of Connection. Upon delivery, DISTRICT shall have and retain the legal ownership of and right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's use of DISTRICT Water delivered by UTILITIES under this Agreement.

2. Full Service Water

- a. All Full Service Water delivered by UTILITIES under this Agreement may only be used for the purposes for which UTILITIES' water rights have been decreed. Neither DISTRICT nor its customers shall have the right to make successive use of Full Service Water, and upon completion of the initial use, all dominion and control over the Full Service Water shall revert to UTILITIES.
 - b. UTILITIES retains legal ownership of and the right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's one-time use of Full Service Water. DISTRICT shall maintain dominion and control over all Full Service Water during the distribution of the water through DISTRICT's Water Distribution System and once returned to DISTRICT's Wastewater Collection System. DISTRICT shall be solely responsible for the collection, treatment and discharge of all wastewater generated by the use of Full Service Water furnished under this Agreement, and shall retain dominion and control over such water until it is discharged from DISTRICT's Wastewater Collection Facility or upon entry into UTILITIES' Wastewater Treatment System pursuant to a separate Regional Wastewater Services agreement.
 - c. DISTRICT shall cooperate with UTILITIES to quantify daily discharges of return flows attributed to Full Service Water from DISTRICT's Wastewater Collection System to permit their inclusion in the Model. Reporting shall also be made as necessary to water_accounting@csu.org. DISTRICT shall be solely responsible for its own cost for the use of the Model. UTILITIES shall have the right to review the water accounting documents of DISTRICT to verify the quantities of such return flows resulting from DISTRICT's use of the Full Service Water delivered to DISTRICT.
- J. Consequence of Loss of Dominion Over Full Service Water Return Flows:** If UTILITIES should lose legal dominion and control over the return flows that result from DISTRICT's use of any Full Service Water due to any act or failure to act by DISTRICT, DISTRICT shall pay the Augmentation (W1G) tariff rate modified or replaced for the volume of return flows lost to UTILITIES as determined in UTILITIES' sole discretion. UTILITIES will bill DISTRICT with payment due within thirty (30) days of the date of billing.

K. Service Rates, Fees, and Billing:

1. **WRSAF:** A 6” meter will be installed at the Point of Connection and will be used to measure the deliveries of water to DISTRICT under this Agreement. The current WRSAF tariff rate for a 6” meter is \$9,980.129.00 DISTRICT has elected to pay this over the period of this twenty-five year contract and will pay \$564,393.00 each year. The yearly WRSAF must be paid within 30 days of the date of billing.
2. **Commodity Charge:** DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Convey, Treat, and Deliver Option rate as modified or replaced, for every cubic foot of DISTRICT Water delivered to DISTRICT. If Full Service Water is delivered to DISTRICT, DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Full Service Option rate modified or replaced, for every cubic foot of Full Service Water delivered to DISTRICT. UTILITIES will bill DISTRICT monthly in arrears with payment due within thirty (30) days of the date of billing.
3. **Water Quality Monitoring:** DISTRICT agrees to pay a *pro rata* share of water quality monitoring UTILITIES is obligated to perform to be in compliance with its Pueblo County 1041 permit for the Southern Delivery System. DISTRICT shall be billed annually with payment due within thirty (30) days of the date of billing. UTILITIES may choose to waive this charge if DISTRICT can demonstrate their participation in water quality monitoring that meets Pueblo County’s 1041 permitting criteria.
4. **Payments:** Payments under this Article III.K shall be due at Colorado Springs Utilities, Customer Services Department, 111 S. Cascade Ave., Colorado Springs, Colorado 80903. If a payment is not made within thirty (30) days of when it is due, a deposit may be assessed as outlined in the Tariffs as modified or replaced.

- L. **Metering:** All water delivered under this Agreement shall be measured at the Point of Connection between UTILITIES’ Water System and DISTRICT’s Water Distribution System. If at any time either UTILITIES or DISTRICT questions the accuracy of the meter, either Party may cause such meter to be tested for accuracy and recalibrated, if necessary, at such Party’s expense. In the event a meter shall be tested, the Party testing the meter shall provide the other Party with three (3) days’ notice of such testing. If the

Parties cannot agree that the meter is measuring accurately, they shall choose an independent third party qualified to test the accuracy of such meters, whose decision regarding accuracy shall be binding on both Parties.

M. **Water Efficiency Plan:** DISTRICT agrees to abide by and enforce its water efficiency plan submitted to the State in its current form or as it may be changed through the State's approval process.

N. **Regional Cooperation:**

1. DISTRICT acknowledges and agrees to support the Fountain Creek Watershed, Flood Control, and Greenway District to the extent authorized under Colorado Revised Statutes §32-1-1001, *et seq.*
2. DISTRICT agrees to actively support and cooperate with the City of Colorado Springs, El Paso County, and other regional entities having jurisdiction over stormwater detention and retention on Fountain Creek and to take whatever actions that are within DISTRICT's legal authority to ensure that stormwater in the Fountain Creek Basin does not increase above existing conditions.
3. DISTRICT agrees to accept and comply with the City of Pueblo Flow Management Program and Pueblo Recreational In-Channel Diversion Decree, both impacting the Arkansas River between Pueblo Dam and its confluence with Fountain Creek, in any Water Court application or request for administrative approval for a change of water rights or exchange implicating that reach of the Arkansas River.
4. DISTRICT agrees to support any studies of a flood control dam or dams on Fountain Creek.

O. **Changes in Terms or Type of Service:** Should DISTRICT take delivery of Full Service Water more than three events in five years on a rolling average, request deliveries that exceed the limits outlined in the Agreement, or desire a different type of water service, UTILITIES and DISTRICT shall either amend this Agreement or renegotiate the Agreement in its entirety.

IV. WATER DELIVERIES

A. **Requests for Delivery of Water:** DISTRICT shall directly communicate with UTILITIES' System Control as specified in this section and follow up with a written

request for delivery of water, specifying amounts, rates, and duration at least three (3) business days prior to the expected delivery date(s). UTILITIES will provide a written response at least one (1) day prior to the requested delivery date accepting, modifying, or denying the request. For the purposes of DISTRICT requesting service and UTILITIES responding to requests, the term “written” shall include communications by electronic mail to certain electronic mail addresses, which DISTRICT and UTILITIES shall provide to each other upon execution of this Agreement and keep current through the duration of the Agreement. DISTRICT shall limit its water demand on UTILITIES’ system as specified in Article III.D. The initial contacts are set forth below.

1. UTILITIES System Control

- a. Operations Supervisor, Jeremy McBeain

jmcbeain@csu.org

Office Phone (719) 668-4588

Cell Phone (719) 494-6973

- b. System Control Operator, to be acknowledge within 24-hours by Operations Supervisor

Office Phone (719) 668-4570

- c. Water_accounting@csu.org

2. DISTRICT System Control

- a. Assistant District Manager, Steve Sheffield

ssheffield@triviewmetro.com

Office Phone (719)-488-6868

Cell Phone (719)-243-3312

- b. Water Treatment Manager, Shawn Sexton

ssexton@triviewmetro.com

719-488-6868

719-499-0637

B. Delivery Interruptions: UTILITIES may interrupt deliveries of water hereunder due to lack of water supplies, infrastructure failure, system capacity failure, or water quality concerns. UTILITIES shall take all reasonable steps to provide DISTRICT with advance notice providing the reasons for any and all delivery interruptions, and

further take all reasonable steps to restore deliveries of water to the DISTRICT through resolution of such issues.

C. **Consecutive System Disinfection:** DISTRICT and UTILITIES shall comply with Consecutive Systems Disinfection Protocol set forth in Exhibit C during the term of this Agreement.

1. **Disinfection pursuant to Exhibit C is required when:**

- a. The consecutive system is bringing the Point of Connection into service for the first time, or
- b. The consecutive system is bringing the Point of Connection back into service after repairs or similar event that has compromised the main or opened it to the environment, or
- c. The consecutive system is bringing the Point of Connection back into service after a period of >72 hours of the line being stagnant or empty. UTILITIES may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

2. **Scheduling Requirements:** UTILITIES' Water Quality Assurance requires at least two business days' notice to disinfect for consecutive system use. Notify waterquality@csu.org to schedule for disinfection.

D. **Drinking Water Quality Regulatory Compliance; Required Permits:**

1. The water provided by UTILITIES to DISTRICT at the Point of Connection shall be potable water which complies with the Federal Safe Drinking Water Act and the applicable Colorado Primary Drinking Water Regulations (5 C.C.R. 1002-11). Pursuant to §1.8 of the Colorado Primary Drinking Water Regulations, UTILITIES' responsibility regarding the quality of water furnished shall extend only to the Point of Connection. DISTRICT agrees that its Water Distribution System constitutes a Consecutive System and, in accordance with §1.9 of the Colorado Primary Drinking Water Regulations, DISTRICT is responsible for all applicable monitoring and reporting requirements of the Colorado Primary Drinking Water Regulations of water within DISTRICT's Water Distribution System.

2. DISTRICT will be responsible for obtaining, prior to operation, any applicable permits from any permitting authority or approvals from the Colorado Department of Public Health and Environment required for the construction and connection of DISTRICT's Water Distribution System to UTILITIES' Water System at and from the Point of Connection and to fulfill all purposes of this Agreement. A copy of such approval will be provided to UTILITIES within 30 days of receipt by DISTRICT to the UTILITIES' contacts set forth in Article V.A below.
- E. **Colorado Water Quality Control Act Compliance:** If at any time during the effective term of this Agreement DISTRICT fails to meet the requirements of the Colorado Water Quality Control Act applicable to DISTRICT, and applicable control regulations promulgated and permits issued thereunder, UTILITIES may in its sole discretion suspend deliveries and interrupt its performance of this Agreement, without commensurate extension of the term of this Agreement or liability to DISTRICT or any third party, including DISTRICT's customers, until DISTRICT has achieved compliance. With or without suspension or interruption by UTILITIES, DISTRICT, in the event of its failure to meet such requirements applicable to DISTRICT, shall implement cost-effective solutions to reduce water pollution with the objective of achieving and maintaining water quality in accordance with the applicable designated uses and water quality standards established by the Water Quality Control Commission and discharge permit limits imposed by the Water Quality Control Division on DISTRICT. In the event UTILITIES fails to meet the requirements of the Colorado Water Quality Control Act and applicable regulations thereunder, UTILITIES shall notify DISTRICT in the same manner as its other customers, and DISTRICT shall have the same rights and remedies as provided to UTILITIES, including the option of requesting the suspension of the delivery of water under this Agreement until such time as UTILITIES has achieved compliance.

V. STANDARD TERMS AND CONDITIONS

- A. **Legal Notice:** Notices under this Agreement, other than DISTRICT's requests for water and UTILITIES' responses to such requests, shall be given in writing, signed

by an authorized representative of the Party giving notice. Telephonic or email notice is not acceptable. Notices shall be delivered by courier service delivery (such as Federal Express) that maintains delivery records requiring a signed receipt; certified mail, postage prepaid with return receipt requested; or personal delivery to the people specified below at the following addresses:

For UTILITIES:

1. Manager, Water Resources

Courier Service Address:

Colorado Springs Utilities
ATTN: Manager, Water Resources
1525 S. Hancock Expressway
Colorado Springs, CO 80906

United States Postal Service Address:

Colorado Springs Utilities
ATTN: Manager, Water Resources
P.O. Box 1103, MC 1825
Colorado Springs, CO 80947-1825

2. City Attorney's Office – Utilities Division:

City Attorney's Office
ATTN: City Attorney's Office – Utilities Division
30 South Nevada Ave., Suite 501
P.O. Box 1575, Mail Code 510
Colorado Springs, CO 80901-1575

For DISTRICT:

1. General Manager: James C. McGrady

Address:

Triview Metropolitan District
ATTN: General Manager
16055 Old Forest Point Suite 302
Monument, CO 80132

2. DISTRICT Water Attorney

Address:

Chris D. Cummins
MONSON, CUMMINS, SHOHET, & FARR, LLC
13511 Northgate Estates Dr., Ste. 250
Colorado Springs, CO 80921

Notices shall be effective (1) the next day following the date sent by courier service delivery that maintains delivery records requiring a signed receipt; (2) upon receipt by the addressee of a personal delivery; or (3) seven (7) days following the date of mailing via certified or registered mail, postage prepaid, return receipt requested.

B. Breach of Agreement and Termination:

1. **Breach of Agreement:** Upon any breach of this Agreement, the non-breaching Party shall have the right to: (a) seek specific performance; (b) be reimbursed for costs; (c) be entitled to money damages for the period between the breach and the order for specific performance; or (d) terminate this Agreement. Unless an emergency situation requires immediate action in order to protect the health, safety and welfare of its customers or UTILITIES' Water System, or of DISTRICT's customers or DISTRICT's Water Distribution System, the non-breaching Party shall provide written notice to the breaching Party of a breach of this Agreement and the breaching Party shall have thirty (30) days to cure such breach or take reasonable steps to address such breach and provide the non-breaching Party with notice of same prior to such non-breaching Party exercising its rights hereunder. DISTRICT may terminate this Agreement at any time if it does not receive the written authorization from the Bureau and SECWCD required by Article III.A.1 above upon thirty (30) days notice to Utilities.
 - a. **Consequential Damages:** Any action by DISTRICT that results in violations of any of UTILITIES' water service-related permits may subject DISTRICT to consequential damages for breach of contract including, but not limited to, any amounts the City or UTILITIES may be required to pay for violation of the conditions of any UTILITIES' water-related permit to the extent that the DISTRICT's actions caused or contributed to the violation.
 - b. **Disconnection Damages:** If DISTRICT disconnects from UTILITIES' Water System for any reason other than a material breach by UTILITIES, the Parties agree that UTILITIES will suffer minimum damages equal to the cost to replace any infrastructure that UTILITIES can no longer use to provide water service to customers other than DISTRICT because of DISTRICT'S disconnection.

2. **UTILITIES Right to Suspend Service:** DISTRICT acknowledges and consents to UTILITIES' right to suspend Convey, Treat, and Deliver Service or terminate this Agreement without liability or obligation to DISTRICT or any other person or entity:
 - a. Due to a significant interruption of water supplies, a substantial disruption (including, but not limited to, legal challenges impacting UTILITIES' Water System, and maintenance and repair to the infrastructure) to UTILITIES' Water System; or
 - b. Due to DISTRICT's breach of a material term or condition of this Agreement, if DISTRICT has not taken substantial steps to cure the breach within a reasonably sufficient time frame that allows DISTRICT to cure the material breach after receiving written notice of such breach from UTILITIES; or
 - c. As otherwise authorized by the City Code or City Council.
 3. **Notice of Breach:** Each Party shall promptly notify the other Party of circumstances that could result in a breach, and UTILITIES shall further promptly notify DISTRICT of changes in City Code, or City Council action that could result in termination of the Agreement.
 4. **Effect of Termination:** Upon termination, UTILITIES shall have no further obligation to provide Convey, Treat, and Deliver Service to DISTRICT and DISTRICT's Water Distribution System shall be disconnected from UTILITIES' Water System. Upon termination of this Agreement, UTILITIES shall determine the connection facilities between DISTRICT's Water Distribution System and UTILITIES' Water System that must be removed at DISTRICT's sole expense. UTILITIES shall determine the way the connection facilities are to be removed and water delivery services discontinued in accordance with UTILITIES' WLESS. All outstanding charges owed by DISTRICT to UTILITIES are due and payable prior to the disconnection of service. If all outstanding charges owed by DISTRICT to UTILITIES are not paid prior to disconnection, DISTRICT's obligation to make full payment shall survive termination of this Agreement.
- C. **Approvals/Permits:** The Parties expressly acknowledge that the service contemplated and/or the construction of any Improvements under this Agreement

may be dependent upon the receipt of any necessary approvals and/or permits by Federal, State, and local governmental and/or regulatory entities. DISTRICT shall be solely responsible for obtaining and complying with all approvals or permits necessary to accomplish the provision of water service and water conveyance by UTILITIES to DISTRICT under this Agreement. UTILITIES will cooperate as reasonably requested by DISTRICT in any application or proceedings to obtain such approvals.

D. DISTRICT Dissolution: If DISTRICT seeks to dissolve pursuant to relevant laws, rules, and regulations, then DISTRICT shall provide a copy of its dissolution petition to UTILITIES, at the time of its filing. The dissolution petition shall provide for assignment of DISTRICT's rights and obligations under the Agreement to a third party acceptable to UTILITIES. If no provision is made for such an assignment or other arrangement reasonably acceptable to UTILITIES, upon DISTRICT's dissolution, this contract shall be null, void and of no further force or effect, and UTILITIES shall have no further obligation to provide water service pursuant to the terms of this Agreement.

E. City of Colorado Springs Compliance:

1. This Agreement is for "Contract Service – Regional (WCR), Convey, Treat, and Deliver Option," as provided in the Tariffs. The water service provided under this Agreement shall be governed by the Colorado Springs City Charter, the City Code, the Tariffs, WLESS, and all other applicable City of Colorado Springs' or UTILITIES' ordinances, resolutions regulations, policies and rules concerning use of UTILITIES' Water System as may be amended or replaced, except as otherwise provided in this Agreement. DISTRICT shall comply with applicable laws, ordinances, regulations, rules or policies concerning use of UTILITIES' Water System as they exist now or may be amended or replaced in the future. The Parties acknowledge and agree that City Code Chapter 12, Article 4, Part 13 is not applicable to DISTRICT under this Agreement.
2. In accordance with City Code § 12.4.304, DISTRICT submits to the jurisdiction of the City of Colorado Springs for the purposes of the enforcement procedures set out in City Code Chapter 12, Article 4 that are applicable to this Agreement.

- F. **Compliance with Laws and Regulations:** This Agreement and the rights and obligations of the Parties hereunder shall be subject to all applicable laws, orders, court decisions, directives, rules, and regulations of any duly constituted governmental body or official having jurisdiction. Nothing contained in the Agreement, however, shall require either Party hereto to comply with any law, the validity of applicability of which shall be contested in good faith and, if necessary or desirable, by appropriate legal proceedings. DISTRICT agrees to comply with all applicable ordinances, regulations and rules concerning the connection to and use of UTILITIES' Water System by DISTRICT.
- G. **No Assignment without Consent; No Third-Party Beneficiary:** There shall be no assignment of the rights or obligations contained in this Agreement by either Party without the prior written consent by the other Party, and any such assignment shall be null and void. Unless otherwise prohibited, upon written notice to DISTRICT, UTILITIES may assign this Agreement without consent to the City of Colorado Springs, Colorado. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than UTILITIES and DISTRICT.
- H. **Governing Law, Jurisdiction and Venue:** This Agreement shall be construed in accordance with the laws of the State of Colorado (except for its conflict of law provisions) as well as the Colorado Springs City Charter and the City Code. The place of performance and transaction of business shall be deemed to be in the County of El Paso, State of Colorado. In the event of litigation, the exclusive venue and place of jurisdiction shall be El Paso County, Colorado and, if necessary, for exclusive federal questions, the United States District Court for the District of Colorado.
- I. **Force Majeure:** Neither Party shall be liable for delays in performing its obligations to the extent the delay is caused by an unforeseeable condition beyond its reasonable control without fault or negligence, including strikes, riots, wars, floods, fires, explosions, acts of nature, acts of government, or labor disturbance.
- J. **Appropriation of Funds:** In accord with the Colorado Springs City Charter, performance of UTILITIES' obligations under this Agreement is expressly subject to appropriation of funds by City Council. In the event funds are not appropriated in whole or in part sufficient for performance of UTILITIES' obligations under this

Agreement, or appropriated funds may not be expended due to City Charter spending limitations, then this Agreement will thereafter become null and void by operation of law, and UTILITIES will thereafter have no liability for compensation or damages to DISTRICT for future performance and obligations thereafter in excess of UTILITIES' authorized appropriation for this Agreement or applicable spending limit, whichever is less. UTILITIES will notify DISTRICT as soon as reasonably practicable in the event of non-appropriation or in the event a spending limit becomes applicable.

K. Entire Agreement; Modifications to be in Writing: This Agreement, including any and all appendices and exhibits attached hereto, contains the entire understanding between the Parties. No modification, amendment, notation, or other alteration to this Agreement shall be valid or any force or effect unless mutually agreed to by the Parties in writing as an addendum to this Agreement. At the time of the execution of this Agreement, there are no other terms, conditions, requirements, or obligations affecting this Agreement which are not specifically set forth therein. Electronic mail and all other electronic (including voice) communications from UTILITIES, except as otherwise specifically provided herein, in connection with this Agreement, are for informational purposes only. No such communication is intended by UTILITIES to constitute either an electronic signature or to constitute any agreement by UTILITIES to conduct a transaction by electronic means. Any such intention or agreement is hereby expressly disclaimed.

L. No Precedent; Severability: The Parties agree that neither of them intends that this Agreement shall in any way constitute a precedent or standard for any future Agreement, nor vest any rights in either Party or any third party for novation, renewal, modification, or addition of any other rights or services on account of this Agreement's existence, as it is based solely on unique conditions currently existing at the time of execution. Any provision or part of this Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be binding upon the Parties and this agreement shall be reformed to replace such stricken provisions with a new provision that comes as close as possible to expressing the intention of the stricken provision.

- M. **Remedies Cumulative:** Remedies herein are cumulative and may be used individually, sequentially, concurrently, or in any order.
- N. **Audits:** UTILITIES shall have the right to audit at any time all of DISTRICT's records relating to compliance with this Agreement. DISTRICT shall have the right to audit all UTILITIES' records relating to compliance with this Agreement.
- O. **No Exclusive Rights:** Nothing in this Agreement shall be construed as a grant by either Party of any exclusive right or privilege.
- P. **Waiver:** No waiver by either Party of any terms or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different provision of this Agreement.
- Q. **Limitations upon Consent:** Whenever, under the terms of this Agreement, UTILITIES is authorized to give its written consent, UTILITIES, in its discretion, may give or may refuse such written consent and if given, may restrict, limit, or condition such consent in such manner as it shall deem advisable.
- R. **Liability:**
1. **Party Responsible for Own Negligence:** Each Party shall be responsible for its own negligence. Neither Party waives the benefits or obligations afforded it by the Colorado Governmental Immunity Act, C.R.S. 24-10-101, *et seq.*
 2. **UTILITIES' Limitation of Liability:** In addition to force majeure events described in this Agreement, UTILITIES shall not be liable in tort or contract to DISTRICT or its customers for failure to provide water service under this Agreement if such failure is the result of a significant interruption of water supplies or an inadequate natural physical water supply, a substantial disruption to UTILITIES' Water System (including, but not limited to, legal challenges impacting the water system, and maintenance and repair of UTILITIES' Water System), or the adoption and implementation of water use or delivery restrictions in accordance with City Code.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date of the last signature below.

COLORADO SPRINGS UTILITIES

TRIVIEW METROPOLITAN DISTRICT

By: _____

Travas Deal
Chief Executive Officer

Date: _____

By: _____

Mark Melville
District President

Date: _____

APPROVED AS TO FORM:

Michael Gustafson
City Attorney's Office – Utilities Division

AWAITING VERIFICATION

Exhibit A – Map of District’s Service Area

DRAFT
AWAITING VERIFICATION

Exhibit B– Infrastructure Configuration

DRAFT
AWAITING VERIFICATION

Exhibit C – Consecutive System Disinfection Protocol

1.0 Purpose

The purpose of this Consecutive Systems Disinfection Protocol for Regional Water Service Contracts Exhibit is to define Colorado Springs Utilities' (Utilities) and the Regional Water Service Contract holder's roles and responsibilities pertaining to potable water main disinfection procedures for Connective Systems.

A Consecutive System is defined as a Public Water System that receives some or all its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems.

The Consecutive System Standard Operating Procedure followed by Colorado Springs Utilities is available upon request.

2.0 Scope

The scope of this document is to establish the standard for managing the sanitary practices of Consecutive System to Utilities' water system. The objective is to protect Utilities' potable water distribution system, public health, prevent waterborne disease outbreaks, and comply with Colorado Primary Drinking Water Regulations.

Disinfection of the system is required when:

1. The Consecutive System is bringing the interconnect into service for the first time, or
2. The Consecutive System is bringing the interconnect back into service after repairs or similar event that has compromised the main or opened it to the environment.

Flushing of the system is required when the Consecutive System is bringing the interconnect back into service after a period of >72 hours of the line being stagnant or empty. Utilities may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

3.0 Scheduling Requirements

Scheduling requirements for a Potable Water Main Disinfection or system flush are as follows:

1. The Operator in Responsible Charge (ORC) of the Consecutive System receiving water shall notify Utilities' Water Quality Assurance department (WQA) at waterquality@csu.org to schedule a system flush at least two business days prior to date of flush. WQA is not able to accommodate requests for potable water main disinfection or system flush without at least **two business days'** notice.
2. The following information must be included when requesting flushing services:
 - Point of Contact (Name and Phone Number).
 - Address or Intersection of where the flush will be taking place.
 - Requested date and time of the flush

3. The site ORC and Operations from the Consecutive System shall be available at the time of chlorination to assist with any issues that may occur such as valve locations, closed valves, leaks, main breaks, cross-connections, or safety concerns.

4.0 Responsibilities

This section defines the general responsibilities of stakeholders within Utilities that are directly involved with the disinfection and flushing of potable water mains for Connective Systems.

4.1 Colorado Springs Utilities Responsibilities:

- Utilities' Water Quality Assurance (WQA) team is responsible for the managerial oversight of all chlorination injections, disinfections, system flushing, chlorine neutralization and system monitoring during dewatering activities.
- Utilities' Distribution and Collection Specialist is considered the Operator in Responsible Charge of all Utilities' potable mains under the control of the assigned specialist. This encompasses legal responsibility of all distribution system pipelines being operated and maintained.

4.2 Consecutive System Operations/ Management:

- Public Water Systems that receive water from Utilities will be considered the ORC downstream of the demarcation/interconnect valve. This encompasses legal responsibility of all distribution system pipelines being operated and maintained. Responsibilities include, but are not limited to, the following:
 - The oversight authority of the operation of the Consecutive System's potable water distribution system.
 - Placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
 - Overseeing the operation of pressure regulation equipment, cross-connection and system control valves.
 - ORC is responsible for the operation and maintenance of the cross-connection device, to include state certified cross connection control technician simultaneously testing its backflow assembly to ensure proper operation.

5.0 Operational Procedures

5.1 Initial start-up of a consecutive system:

Prior to the initial start-up of a consecutive system:

- WQA will work with the Utilities ORC and the consecutive system ORC to disinfect the main.

- Utilities will conduct bacteriological testing.
- Utilities will notify the Consecutive System's ORC of a bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, Utilities will open the demarcation valve and the consecutive system ORC will operate their valve and place the main into service.

5.2 Temporary shut downs (>72 hours):

- The Consecutive System's ORC or representative will notify Water Operations when water supply is no longer needed.
- Water Distribution Operations will close demarcation valve. **NOTE:** Whenever possible, the water main should not be left isolated for longer than 72 hours. Additional sampling, disinfection, or flushing may be required if main is left isolated >72 hours.

5.3 Temporary shut downs (<72 hours):

- Utilities will conduct bacteriological testing. Utilities will notify the Consecutive System's ORC of bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, CSU will open demarcation valve and the consecutive system ORC will operate their valve and place the main in service.

5.4 Emergency Start-up:

The following are steps toward disinfecting and dewatering at CCWD:

- Water Operations receives the emergency call from the Consecutive System's ORC requesting water.
 - Note: It is expected that Utilities has at least 24 hours of response time for all requests for water.
- WQA coordinates valve operation and discharge locations with water Distribution Operations and the Consecutive System's ORC.
- WQA will facilitate the chlorination and dewatering process and manage discharge protocols.
- Following dewatering, WQA will collect, document, and deliver a bacteriological sample to Laboratory Services for analyses. Bacteriological results will be provided to the consecutive system ORC approximately 24 hours from sample collection.

6.0 Process

6.1 Flushing:

When the connecting main has been empty or stagnant (for example, valved off during low consumption periods) for > 72 hours and the main has not been compromised in any way, a disinfection is not required.

- Utilities' WQA team will be responsible for managing all waters associated with dewatering, to include dichlorination and pH mitigation if necessary.
- Operations from the Consecutive System will be responsible for best management practices (BMPs) which adequately mitigate erosion, control runoff, and protect storm inlets. Alternatively, Operations from the Consecutive System will be responsible for providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- Flushing will be complete when the volume of the main has been turned over three times or chlorine line residual and clarity have been reached.
- After flushing, WQA personnel will collect a bacteriological sample from Utilities' side of the interconnect closest to the demarcation valve to ensure water being delivered meets all Safe Drinking Water Act standards. This analysis takes approximately 24 hours to complete. Water will not be delivered until the sample has been read and authorized as absent of total coliform.
- If requested, Utilities personnel may also collect a bacteriological sample from the Consecutive System's side of the interconnect.

6.2 Disinfection:

Disinfection is required when the connecting main is brought into service for the first time or when the main has been compromised in any way, such as during repairs or breaks.

- WQA personnel will be responsible for determining which disinfection method is most appropriate. WQA personnel will also be responsible for all aspects of water management during disinfection and flushing.
- The Consecutive System's ORC will be responsible for BMP placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- If disinfection activities must occur downstream of the demarcation valve, Utilities will function as a contractor if requested by the consecutive system. These activities are a courtesy to the Consecutive system and Utilities holds no liability for infrastructure damage or contamination. Additionally, the consecutive system will be responsible for all time and material costs incurred by Utilities associated with the disinfection. The Consecutive System's ORC will be responsible for operating all appurtenances and valves on their system.

6.3 Sampling Requirements:

At the Consecutive System point of entry, WQA will verify the disinfection concentration meets acceptable levels, perform a clarity check, confirm free chlorine residual, and collect bacteriological samples.

Bacteriological Sampling Points

WQA will collect bacteriological samples from:

- The closest possible appurtenance to the tie-in point.
- The furthest appurtenance on each leg of the main.
- Every 1000 linear feet of main.

Water Quality Check

- WQA will perform a water quality check, confirming free chlorine residual is >0.20 mg/L and collect a bacteriological sample at the closest possible appurtenance to the demarcation point and downstream of the demarcation valve, if requested.
- Results are read within 18 to 24 hours from sample set up time.
- If the result is “absence” for total coliform, the Laboratory Services Section (LSS) Microbiology Lab will contact the site ORC that the sample “passed”.
- Potable water mains should be placed back into service immediately following an “absence” result for total coliform

Note: Whenever possible, a water main should not be left isolated for longer than 72 hours after confirmation. Additional sampling, disinfection, and flushing may be required if main is left isolated >72 hours.

Bacteriological Resampling

If a bacteriological sample analysis results in “presence” for total coliform, the potable water main in question shall remain isolated and will be re-sampled

- Resampling a bacteriological sample after the first failure event.
 - If a sample results in “presence” for total coliform, TWO additional bacteriological samples will need to be taken from the isolated point of failure.
 - Samples will be collected within 48 hours of the first failure, at least 16 hours apart.
 - Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- Resampling a bacteriological sample if there is a SECOND failure event.
 - Sample will be collected within 48 hours of the first failure, at least 16 hours apart.

- Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- If the results are “absent” for total coliform, the LSS Microbiology Lab will contact the site ORC that the samples “passed”.
- Consecutive System can be placed in service.
- In the event of a THIRD failure:
 - If the main fails a third time after disinfection, it will be considered contaminated. At the discretion of the LSS Manager and WQA Supervisor, more extensive mitigation strategies will be implemented, up to and including removal and replacement of the contaminated section of the main.

AWAITING VERIFICATION

A RESOLUTION AUTHORIZING AND DIRECTING THE CHIEF EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO ENTER INTO AN AGREEMENT FOR CONVEY, TREAT, AND DELIVER REGIONAL WATER SERVICE BETWEEN COLORADO SPRINGS UTILITIES AND TRIVIEW METROPOLITAN DISTRICT

WHEREAS, City Code §12.4.304 and Colorado Springs Utilities' Tariffs allow Colorado Springs Utilities to provide by contract for the use of or connection to its water supply system by institutions, plants, districts, governments, municipal corporations, or other similar users located outside the corporate limits of the City; and

WHEREAS, Triview Metropolitan District is a Colorado metropolitan district authorized under C.R.S. §32-1-1001 et seq., that provides water, wastewater, and stormwater services to a 2,590 acre service area with approximately 2,100 taps in the Colorado Springs metropolitan area in northern El Paso County; and

WHEREAS, Triview Metropolitan District owns or otherwise controls renewable water supplies and intends to increase and further diversify its water supplies with additional renewable supplies to meet its long-term water needs and reduce its historic and current reliance on non-renewable groundwater resources; and

WHEREAS, Triview Metropolitan District does not have the necessary infrastructure to convey its renewable water supplies to its service area and has requested Convey, Treat, and Deliver Regional water service from Colorado Springs Utilities under which its renewable water supplies will be treated and delivered through Colorado Springs Utilities' infrastructure to a single point of delivery between Colorado Springs Utilities' water system and Triview Metropolitan District's water system to be constructed in the future subject to volumetric limitations; and

WHEREAS, Colorado Springs Utilities currently has sufficient infrastructure capacity in its water system; water transportation displacement, and storage capacity not including UTILITIES' excess capacity storage space in the Fryingpan-Arkansas Project; and water treatment capacity to provide interruptible Convey, Treat, and Deliver Regional water service to Triview Metropolitan District; and

WHEREAS, in exchange for Convey, Treat, and Deliver Regional Water Service, Triview Metropolitan District has agreed to pay the rates and fees set forth in Colorado Springs Utilities' Tariffs for such service; and

WHEREAS, the Utilities Board recommended that City Council approve a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Triview Metropolitan District; and

WHEREAS, Colorado Springs Utilities requests that City Council authorize and direct the Chief Executive Officer of Colorado Springs Utilities to enter into a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Triview Metropolitan District.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. City Council finds and determines that a long-term Agreement for Convey, Treat, and Deliver Regional Water Service between Colorado Springs Utilities and Triview Metropolitan District will benefit the public health, safety and welfare of the surrounding community and is in the best interest of the City.

Section 2. City Council further finds and determines that a long-term Agreement for Convey, Treat, and Deliver Regional Water Service between Colorado Springs Utilities and Triview Metropolitan District will have a de minimis impact on the overall City's available water supply since Colorado Springs Utilities will primarily be delivering renewable water supplies owned by Triview Metropolitan District under the Agreement.

Section 3. The Chief Executive Officer of Colorado Springs Utilities is authorized and directed to enter into a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Triview Metropolitan District in a form substantially similar to that attached hereto.

Section 4. This Resolution shall be in full force and effect immediately upon its adoption.

Dated at Colorado Springs, Colorado this ___ day of April, 2023.

Council President

ATTEST:

Sarah B. Johnson, City Clerk

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, March 22, 2023

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Wayne Williams, Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Bill Murray, Nancy Henjum, Tom Strand and Stephannie Fortune

Utilities Board Members Excused: Yolanda Avila

Staff members present via Microsoft Teams or Blue River Conference Room: Travas Deal, Tristan Gearhart, Renee Adams, Mike Francolino, Lisa Barbato, Natalie Watts, Al Wells, Andie Buhl, Jared Miller, David Longrie, Kandy Drake, Steve Carr, Stephen Graham, Kelly Roesch, Wendy Asay, Dirk Lambert, Michiele Stapleton, Becki Cadis, Pattie Bengler, Carrie Guy, Tricia Timmons-Malsam, Tyrone Johnson, Natalie Lovell, Steve Carr, Dan Norton and Jenny Bishop

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Alex Ryden, Renee Congdon, Jeff Greene, Ryan Trujillo, Steve Posey and Katie Sunderlin

Residents present via Microsoft Teams or Blue River Conference Room: Pastor Bob Hollopeter, Jim Miller, Longinos Gonzalez Jr., Tim Hoiles, Jim McGrady and Jeff Hodge

1. Call to Order

Chair Wayne Williams called the Utilities Board meeting to order at 1:00 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Pastor Bob Hollopeter from Roswell Community Church delivered the invocation and Chair Williams led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Utilities Board Special Meeting Minutes: Feb. 15, 2023

3b. Approval of Utilities Board Meeting Minutes: Feb. 22, 2023

3c. Approval of Special Utilities Board Meeting Minutes: Feb. 24, 2023

Board Member Donelson moved approval of the Consent Calendar and Vice Chair O'Malley seconded the motion. The Consent Calendar was unanimously approved.

4. Customer Comments

Mr. Tim Hoiles expressed concerns about the water ordinance and low-income housing.

Mr. Longinos Gonzalez Jr. expressed concerns about developer and Board Member involvement regarding the water ordinance.

Mr. Jim Miller requested the Utilities Board lower fees for customers.

5. Recognition

- President's Volunteer Service Award

Mr. Mike Francolino, Chief Corporate and Enterprise Services Officer, introduced Ms. Kandy Drake, Public Affairs Specialist, who explained the President's Volunteer Service Award encourages and recognizes outstanding volunteer service and inspires others to volunteer. The President's Council on Service and Civic Participation created the President's Volunteer Service Award in 2003. This Award honors those Americans who have made serving a central part of their life.

Ms. Drake said 32 Springs Utilities employees earned the award for their volunteer commitment of more than 100 hours to one or more nonprofit organizations in 2022 (these are volunteer hours outside of the organization's Community Focus Fund volunteer projects).

- Resolution of Appreciation for Utilities Board Member Stephannie Fortune

Chair Williams read the resolution and moved approval of the resolution. It was seconded by Vice Chair O'Malley. It was carried unanimously.

Board Members thanked Board Member Fortune for her commitment to serving the community and wished her the best with her future endeavors.

Board Member Fortune reflected on her time and service on the Utilities Board and thanked staff and Board Members for their support.

- Resolution of Appreciation for Utilities Board Member Bill Murray

Chair Williams read the resolution, moved approval of it and Board Member Strand seconded the motion. The Resolution of Appreciation for Utilities Board Member Bill Murray was carried unanimously.

Board Members thanked Board Member Murray for his commitment to serving the community and wished him the best with his future endeavors.

- Resolution of Appreciation for Utilities Board Member Tom Strand

Chair Williams read the resolution, moved approval of it and Board Member Helms seconded the motion. The Resolution of Appreciation for Utilities Board Member Tom Strand was carried unanimously.

Board Members thanked Board Member Strand for his commitment to serving the community and wished him the best with his future endeavors.

Board Member Strand reflected on his time and service on the Utilities Board and thanked staff and Board Members for their support.

- Resolution of Appreciation for Utilities Board Chair Wayne Williams

Vice Chair O'Malley read the resolution and Board Member Strand moved approval of the motion and Board Member Henjum seconded the motion. The Resolution of Appreciation for Utilities Board Chair Wayne Williams was carried unanimously. Chair Williams recused himself from the vote.

Board Members thanked Chair Williams for his commitment to serving the community and wished him the best with his future endeavors.

Chair Williams reflected on his time and service on the Utilities Board and thanked staff and Board Members for their support.

Mr. Travas Deal, Chief Executive Officer, expressed appreciation for the outgoing Utilities Board Members and thanked them for their service to the community. Staff played a video honoring the outgoing Board Members, which included interviews from them and footage from their time on the Utilities Board.

The Utilities Board took a break at 2:28 p.m. and returned to Open Session at 2:41 p.m.

6. Compliance Reports

- ER:1-3 Utilities Board Expected Results Year End Performance – Scorecard (Semi-annual)

Ms. Natalie Watts, Strategic Planning and Governance Manager, said the Utilities Board monitors organizational achievements through the Balanced Scorecard. Measures and targets are approved each December for the following year. She said the scorecard supports the Board's three focus areas of rates, reliability, and relationships.

Ms. Watts said results for 26 measures were reported for year-end 2022, and reviewed each focus areas and their scores:

- Five measures with results of "far exceeds expectations"
- Six measures with results of "exceeds expectations"

- Nine measures with results of “meets expectations”
- Two measures with results of “partially meets expectations”
- Four measures with a result of “does not meet expectations”

Ms. Watts said our final year-end score for 2022 was a 3.24 or “meets expectations”.

- I-4 Risk Management (Annual City Auditor Report)
- I-8 Asset Protection (Semi-annual)
- E-2 CEO Responsibilities
 - Water Outlook
 - ECA/GCA monitoring
 - Generating electricity through six modular gas units at Drake

Mr. Deal gave an energy update and said the organization is now generating electricity with the six modular natural gas units on the Martin Drake Power Plant site. He said this is a major accomplishment for the organization, employees, and customers as the community transitions to a new energy future.

7. Items Called Off Consent Calendar

There were none.

8. Affordable Housing Program Report

Mr. Jared Miller, Strategic Customer Relations Manager, explained how the organization supports the community through economic development partnerships, such as the Affordable Housing Program.

Mr. Steve Posey, City Community Development Division Manager, thanked Board Members for their participation and support of this program.

Ms. Katie Sunderlin, City Senior Affordable Housing Coordinator, reviewed current scoring for the rebate program. She also compared previous and updated scoring for the Springs Utilities conservation programs. Ms. Sunderlin explained Springs Utilities’ rebate commitments for 2022 as well as the anticipated rebates for 2023.

Ms. Sunderlin outlined projects, such as:

- Sumner House – 95 units and a rebate of 40% (\$47,783.20)
- Paloma Gardens – 125 units and a rebate of 80% (\$140,920)
- Interquest Ridge – 240 units and a rebate of 80% (\$146,032.94)
- Copper Rose – 182 units and a rebate of 20% (\$60,003.57)

Ms. Sunderlin concluded with a summary of first year successes and lessons learned.

The Utilities Board took a break at 4:08 p.m. and returned to Open Session at 4:21 p.m.

9. Clean Heat Plan Update

Mr. David Longrie, Engineering Manager, gave an overview of the Clean Heat Plan (CHP). He said Colorado Senate Bill 21-264 was signed in June 2021 and requires gas utilities to adopt programs to reduce greenhouse gas emissions – more specifically:

- 4% carbon emission reduction by 2025 with 2% cost capacity
- 22% carbon emission reduction by 2030 with 2.5% cost capacity of retail sales revenue

Mr. Longrie said we will educate and bring awareness of the requirements and the incentives available to customers through public process. He explained how the CHP relates to existing plans, such that CHP activities, specifically electrification, will increase the loads on the electric generation system. He said our Gas Integrated Resource Plan (GIRP) evaluates, identifies, and plans for the acquisition or capital investment of existing and future resources to meet peak-day and peak-hour supply and delivery requirements over a 30-year planning horizon. He also reviewed regulatory considerations.

Mr. Longrie reviewed example decisions for the Utilities Board to consider, and the CHP public process. He explained reduction tools and current energy efficiency and beneficial electrification offerings. He concluded with progress made on the CHP and its remaining timeline.

10. Regional Water Agreements

Ms. Jenny Bishop, Engineer IV, reviewed the (I-7) Water Supply Management Utilities Board Governance Policy. She said it was adopted in 2020 and requires regional service contracts to provide a net benefit to Springs Utilities and its ratepayers, appropriately balancing costs and risks, and recognizing historic and planned investments. She said the policy requires a premium on rates above what in-city customers pay that are reflected in Regional Service Tariffs. It also requires an evaluation of impacts to system reliability, level of service, and resource availability based on a 10-year planning horizon.

Ms. Bishop said the I-7 policy also allows Springs Utilities to require mitigation and impose terms that offset impacts and risks, and that the agreements cannot exceed a 25-year term. She reviewed the agreement terms and conditions, as well as the regional water service financials.

Ms. Bishop gave an overview of each district and its corresponding agreement:

1. Donala Water and Sanitation District:
 - Located north of Colorado Springs and east of I-25
 - Approximately 2,600 customers
 - Short-term agreements since 2011
 - Convey, treat, and deliver regional water agreement:
 - Convey water owned or controlled by Donala

- Up to 1,000 acre-feet of deliveries per year
 - Existing connection
 - 25-year contract
 - Estimated revenue based on typical delivery of 200 acre-feet (AF) per year
 - Water Regional System Availability Fee (WRSUF) = \$183,533
 - Commodity Charge = \$541,866
 - Total = \$725,420
2. Security Water District
- Located south of Colorado Springs and east of I-25
 - Approximately 7,750 customers
 - Short-term agreements since 2017
 - Convey, treat, and deliver regional water agreement:
 - Convey water owned or controlled by Security
 - Up to 2,800 acre-feet of deliveries per year
 - Existing connection
 - Intended to be used on a temporary, as-needed basis
 - Estimated revenue based on Water Regional System Availability Fee (WRSUF)
 - WRSUF = \$33,330
 - Commodity Charge = Based on any water deliveries made
3. Triview Metropolitan District:
- Located north of Colorado Springs
 - Approximately 2,150 customers
 - New water service agreement
 - Convey, treat, and deliver regional water agreement:
 - Convey water owned or controlled by Triview
 - Up to 2,200 acre-feet of deliveries per year
 - New interconnect at Utilities' Highway 83 tank
 - Estimated revenue per preliminary demands at 400 AF/year
 - Water Regional System Availability Fee = \$564,393
 - Commodity Charge = \$1,083,772
 - Total = \$1,648,165

Ms. Bishop concluded with next steps, and the Utilities Board agreed to put this item on Regular Business at the March 28, 2023 City Council meeting.

Mr. Jim McGrady provided additional background information about Triview Metropolitan District's water assets.

Mr. Jeff Hodge also provided additional background information about the Donala Water and Sanitation District and Springs Utilities' water partnership.

11. Board Member Updates

Chair Williams recognized Mr. Steve Carr, Senior Key Account Manager, for being selected to be in the inaugural Pikes Peak Friends of Space partnership program. Mr. Carr expressed gratitude for this partnership and recognition.

Ms. Renee Congdon introduced herself as the new City Division Chief Attorney – Utilities.

Board Member Helms thanked staff for efficiently installing a new meter at his house.

Board Member Henjum provided a brief update about the status of a regional Water Task Force.

Board Member Strand reviewed his residential bill and provided an update about the facilities at the Nevada bus terminal. He also provided an update about service at the Marion House.

Vice Chair O'Malley expressed appreciation for Board Member Strand.

Chair Williams thanked staff and Board Members for working together over the last two years.

12. Executive Session

Ms. Congdon, read the following language to enter Executive Session:

In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(a), (b), and (e) and Utilities Board Bylaws Rules 10(c)(1), (2), and (5), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session on one issue. The issue to be discussed involves the purchase and acquisition of an interest in real property, conferences with the City Attorney's Office for the purpose of receiving legal advice on specific legal questions, and instructing negotiators.

The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

Ms. Congdon called the roll and polled the Utilities Board. They voted unanimously to enter Executive Session, with Board Members Fortune and Avila excused.

The Utilities Board took a break at 5:36 p.m. and entered Executive Session at 5:47 p.m. They returned to Open Session at 6:17 p.m.

13. Adjournment

The meeting adjourned at 6:18 p.m.

AWAITING VERIFICATION



Colorado Springs Utilities
It's how we're all connected

Planning our Energy Future

Sustainable Energy Update Public Meeting
May 8, 2023

Our mission:

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

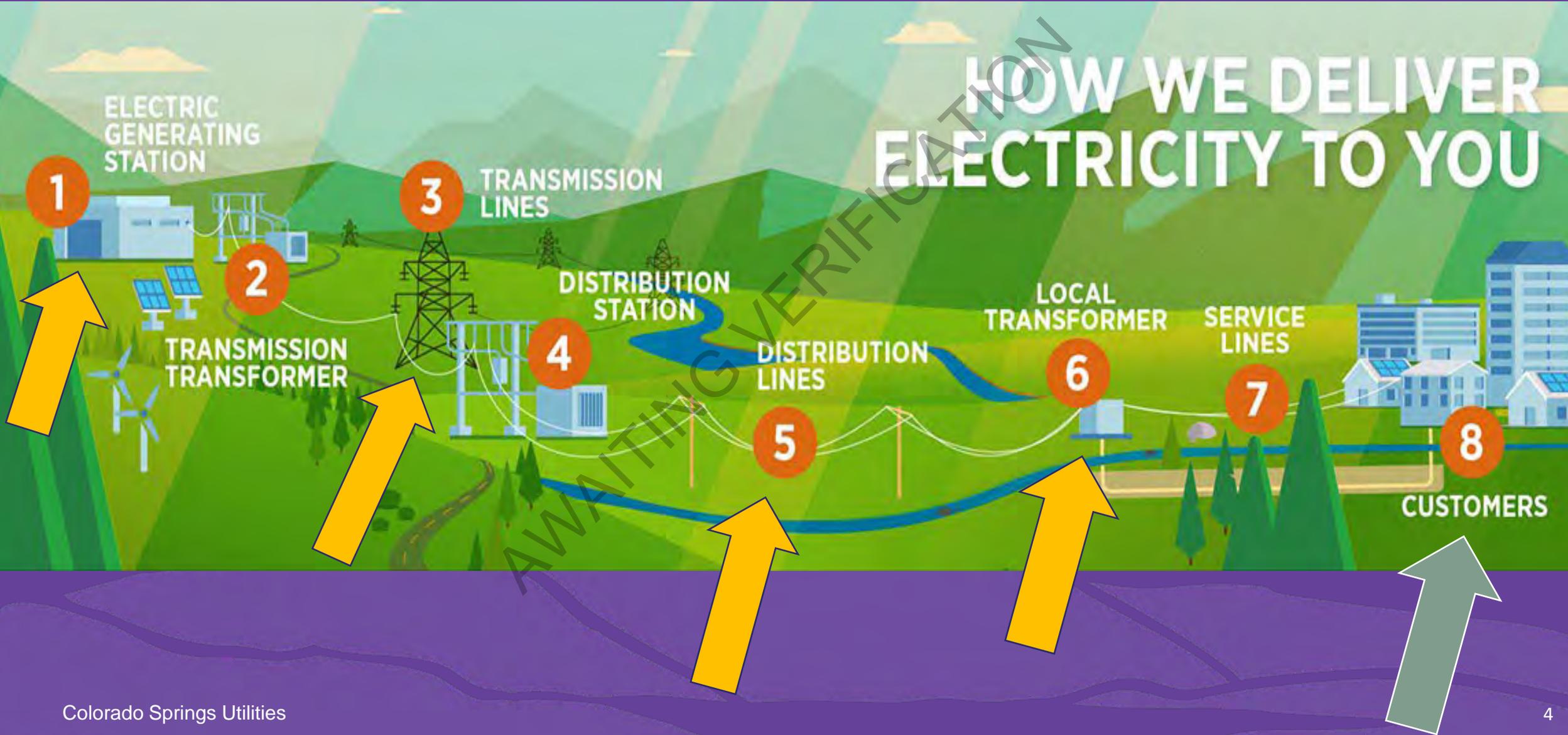


In consideration of energy use, which of these is your top concern?

- A. Reduction of greenhouse gas emissions
- B. Community air quality
- C. It is available when I need it
- D. Maintaining low costs
- E. Increasing the use of renewable energy

Generation to Customer

HOW WE DELIVER ELECTRICITY TO YOU



Grid Modernization

- Infrastructure Upgrades
- Distributed Energy Resources
- Market / Independent System Operator / Regional Transmission Organization
- Advanced Utility Infrastructure



Briargate Substation

- Project will increase transmission and distribution capacity on the north-east part of the city
- Substation was energized in late February 2023



Natural Gas Generators

- Project adds 162 megawatts of new natural gas generation to replace the retired Drake Power Plant
- Units are currently being tested and planned for operation in May



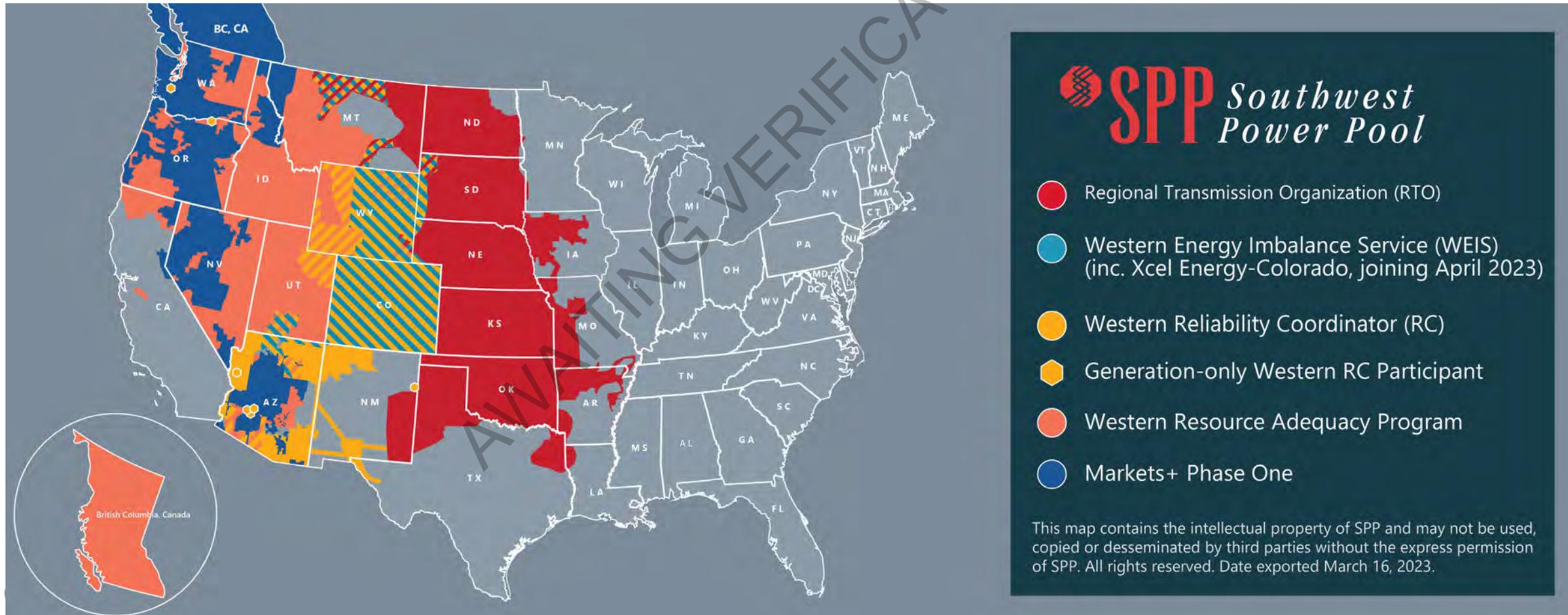
Renewable Energy

- Pike Solar will add 175 megawatts (MWs) of new solar generation
- Construction is underway and is expected to be operational in the first quarter 2024
- Developing 200 MWs of Battery Energy Storage in early 2025
- Evaluating additional wind and solar resources



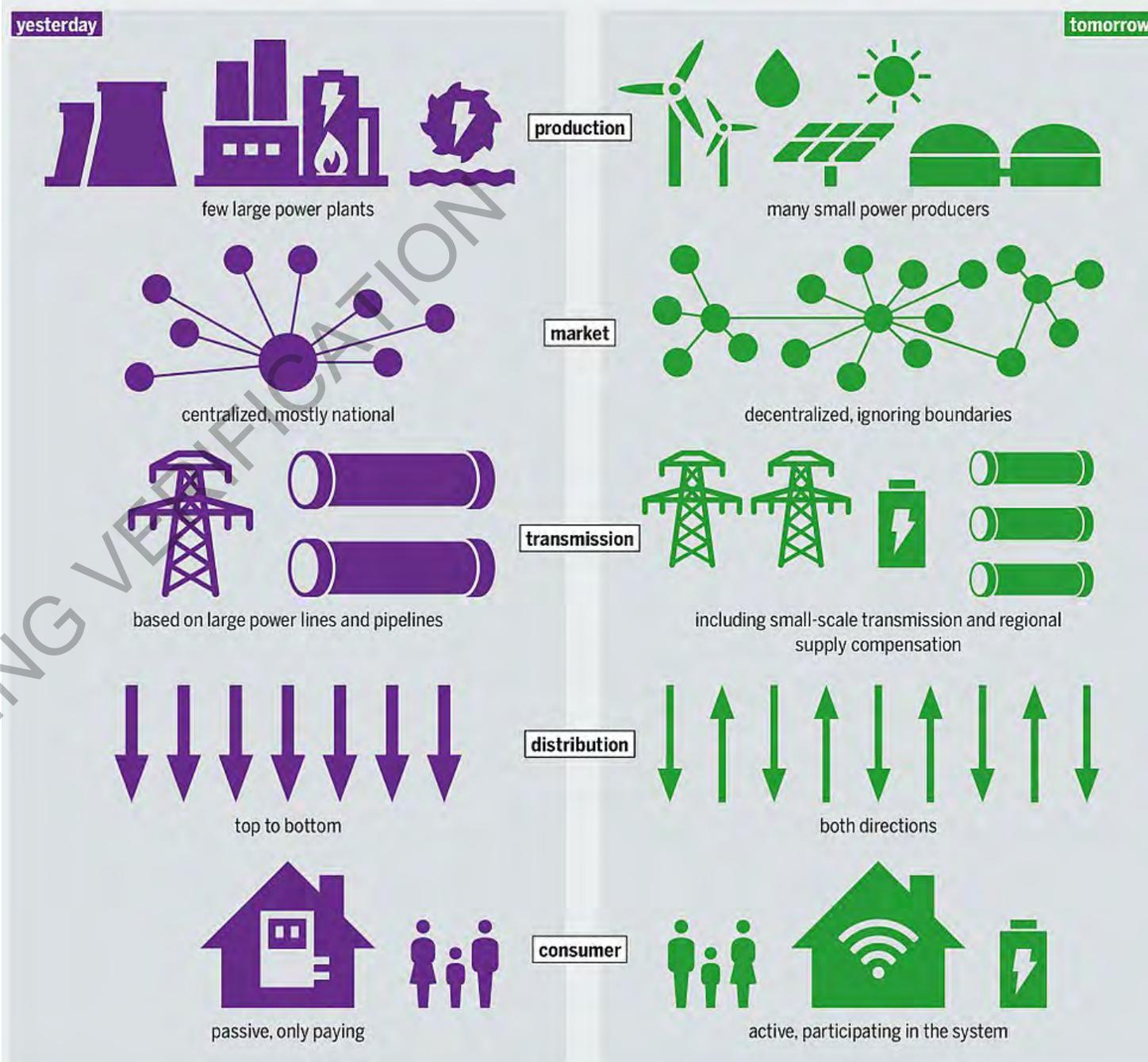
Western Energy Imbalance (WEIS)

- Entered Southwest Power Pool's WEIS in August 2022
- Improved reliability and cost-effective operations from access to additional generation resources and transmission capacity



Advanced Utility Infrastructure

- Fiber Network
- Advanced Metering Infrastructure
- Microgrids



What is your top priority related to energy?

- a. Environment/Stewardship
- b. Innovation
- c. Cost
- d. Reliability
- e. Diversity of generation resources

Regulatory Item #1

Clean Energy Plan Law

- Requires electric generation utilities to reduce greenhouse gases (GHG) emissions 80% by 2030 from 2005 levels
- Voluntarily submitted Clean Energy Plan to create a “safe harbor”



Regulatory Item #2

Clean Heat Plan Law

- Requires gas utilities to adopt programs to reduce greenhouse gas emissions
- 4% carbon emission reduction by 2025 with 2% cost cap
- 22% carbon emission reduction by 2030 with 2.5% cost cap of retail sales



Natural Gas vs. Coal Generation:

- 90 times less sulfur dioxide
- 5 times less nitrogen oxide
- 50% less carbon dioxide
- Natural gas is the least carbon-intensive fossil fuel



▶ WHAT CAN YOU
POWER **with one**
MEGAWATT HOUR
(MWH)?



Cool a refrigerator for
3 MONTHS
(150 kWh)



Download
133,320
SONGS
(50 kWh)

BREW
2,400
pots of coffee



(200 kWh)

1

MWH = 1,000
kilowatt hours



HOST
600

Super Bowl
PARTIES
(300 kWh)



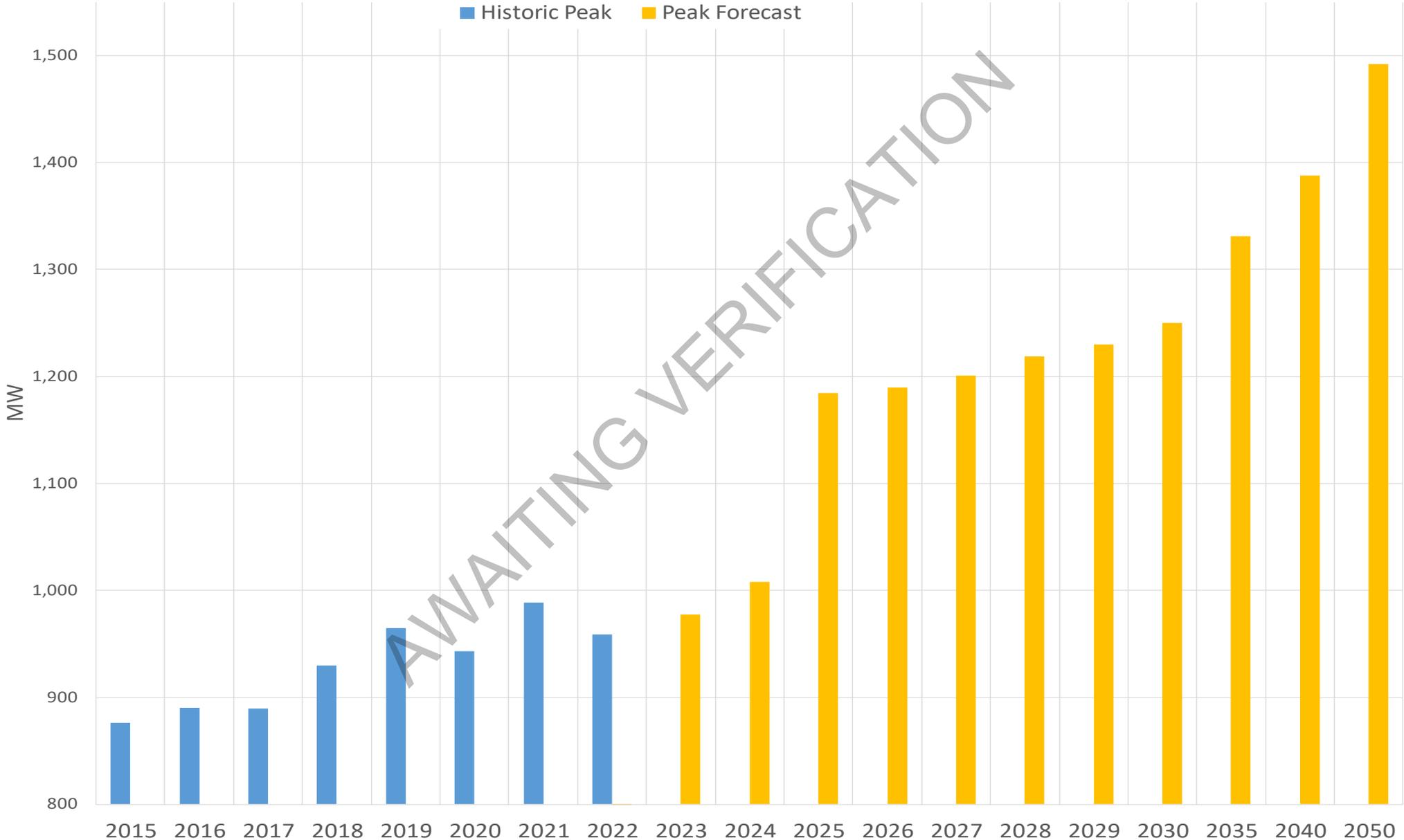
CHARGE
5,556 iPhones

(100 kWh)

Power a Traffic Signal
for **3 MONTHS**
(200 kWh)



Electric Peak Usage: 2015-2050



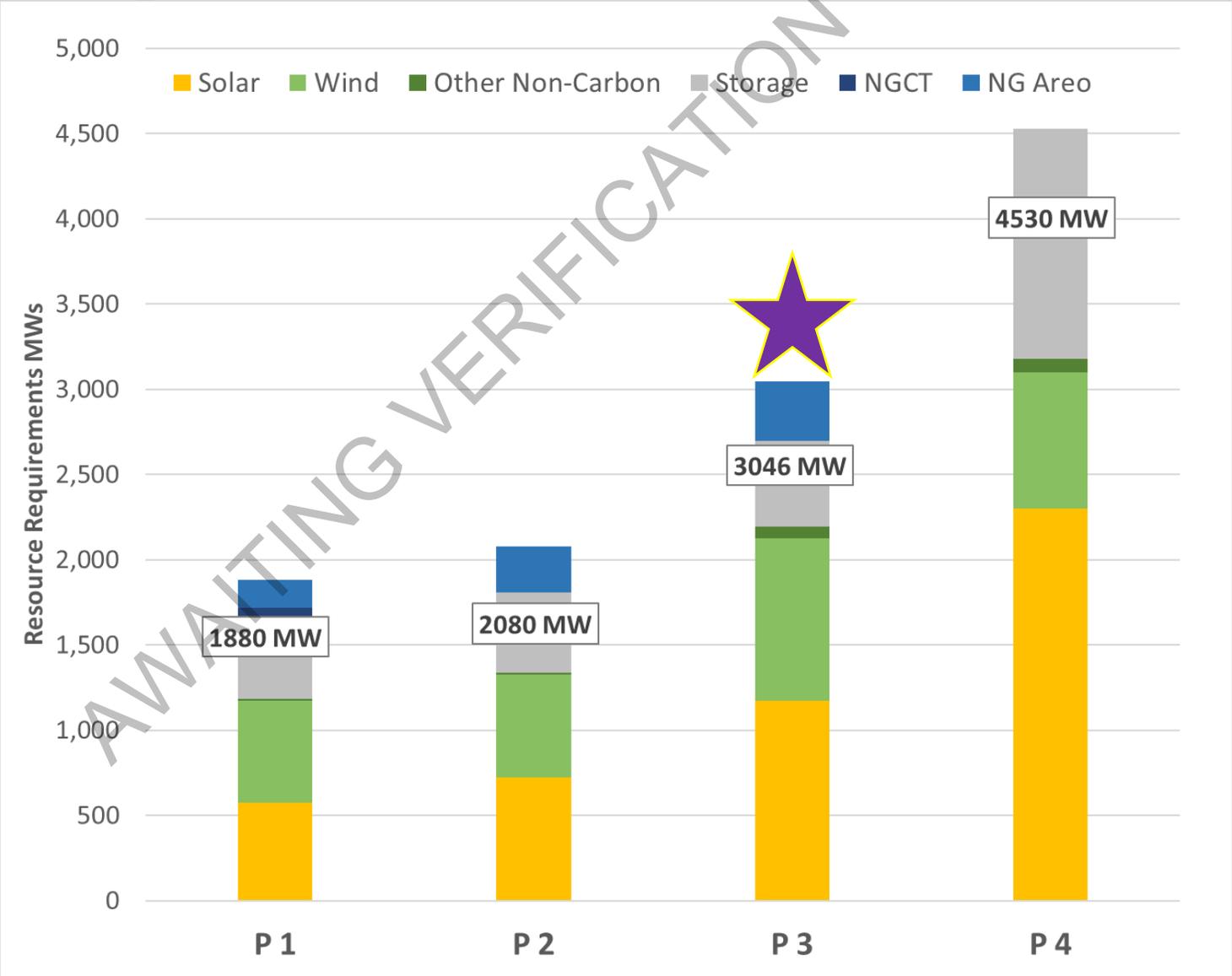
Generation Resource Retirement Dates

- 2025 – Birdsall 1 & 2 (32 MWs)
- 2027 – Birdsall 3 (22 MWs)
- 2029 – Nixon 1 (195 MWs)

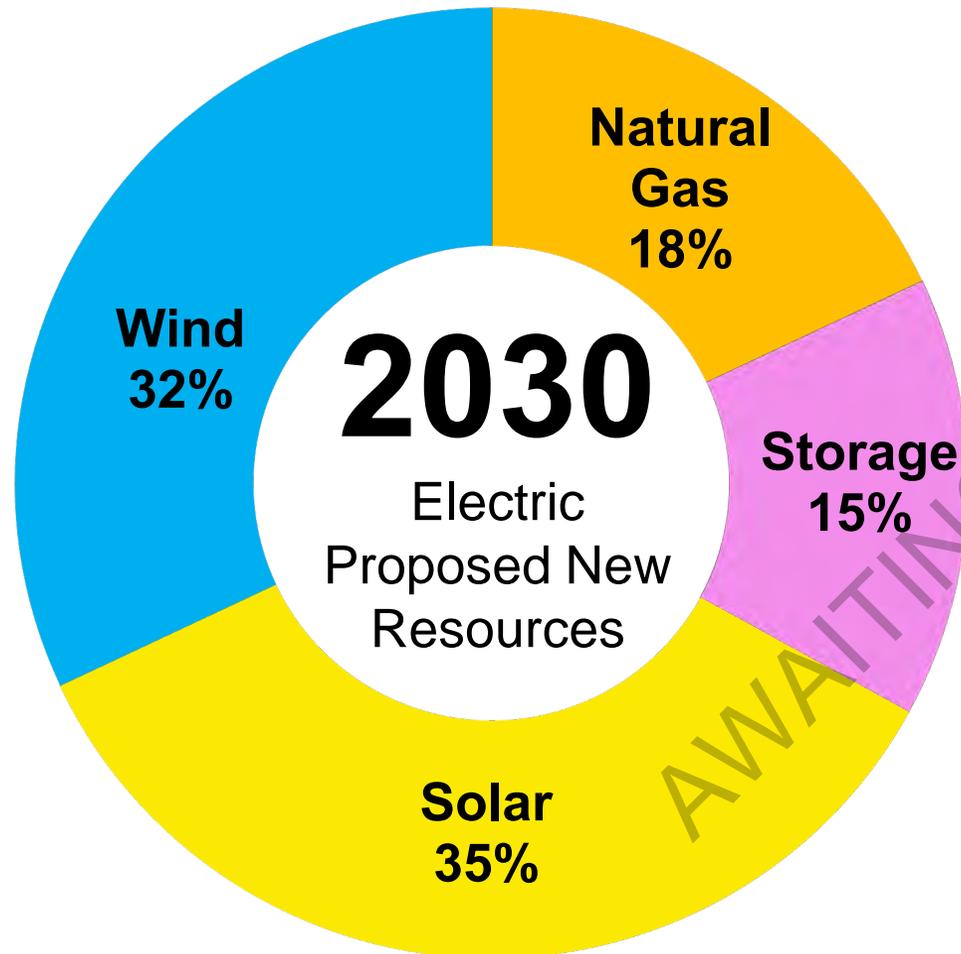


New Resource Additions through 2050: Portfolio Comparison

 = Staff's recommendation



Proposed Additional Resources Available by 2030



a greener **FUTURE**

- 175 MW Solar Underway
- 200 MW Battery Storage Underway
- 525 MW Solar
- 100 MW Storage
- 625 MW Wind
- 350 MW Gas Generation

What is your knowledge of Battery Storage?

- A. I have never heard of it
- B. I know a bit about it
- C. I am very familiar with it
- D. I would like to learn more
- E. I am a battery expert



Colorado Springs Utilities
It's how we're all connected

Colorado's Clean Heat Plan

AWAITING VERIFICATION

Are you familiar with the State's Clean Heat Plan law?

- A. Yes
- B. No
- C. I hadn't heard of it until today

AWAITING VERIFICATION

Clean Heat Plan

Colorado State Law as of 2021

2025

Spend

2%

of total gas revenue
towards achieving



Target: reduction in greenhouse
gas below 2015 levels

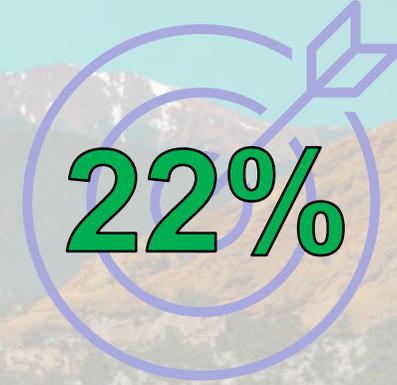
We must submit
a plan to meet
requirements by:
August 1, 2023

2030

Spend

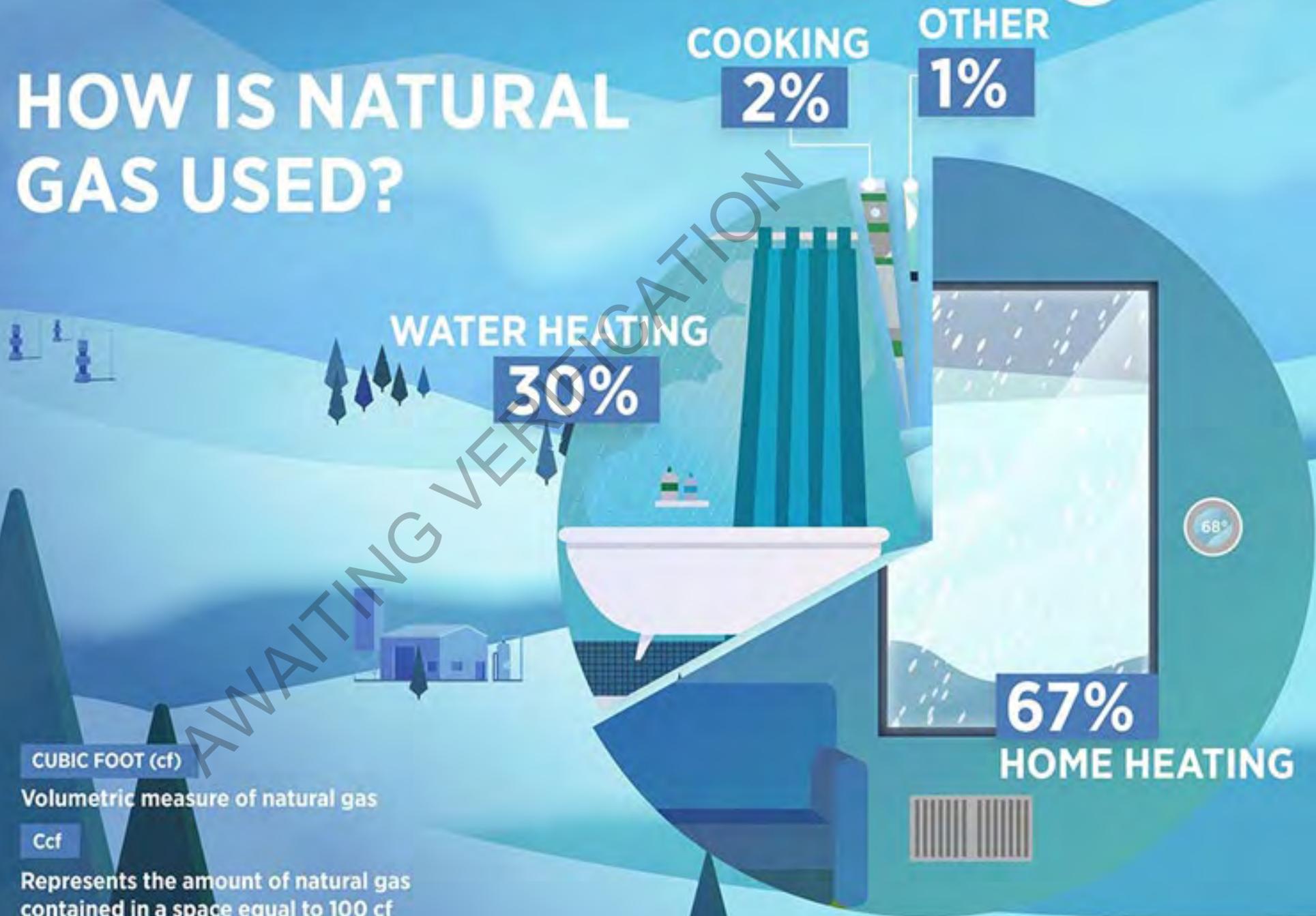
2.5%

of total gas revenue
towards achieving



Target: reduction in greenhouse
gas below 2015 levels

HOW IS NATURAL GAS USED?



CUBIC FOOT (cf)

Volumetric measure of natural gas

Ccf

Represents the amount of natural gas contained in a space equal to 100 cf

Electrification can be a strategy to meet emission reduction requirements.

Which of the following would you consider?

- a. Purchasing an electric vehicle
- b. Electrifying space and/or water heating
- c. Electrifying appliances (oven/stove, fireplace)
- d. All of the above
- e. None of the above

Greenhouse Gas Reduction Tools

Primary sources for emission reductions

- Energy efficiency
- Beneficial electrification of customer end uses
- Cost-effective leak reduction on distribution system

Potential future reduction solutions

- Biomethane (renewable natural gas)
- Green hydrogen
- Recovered methane

Which one of these energy efficient products are you most interested in?

- A. Energy efficient heating & air conditioning
- B. Energy efficient windows
- C. Energy efficient insulation
- D. Energy efficient appliances
- E. Smart thermostat

Reducing Emissions with Our Customer Partners - You!

- Builder Incentive Program
- Home Efficiency Program
- Smart thermostat rebates
- Energy Star and cold climate heat pumps
- Hybrid heat pump water heaters
- Insulation and air sealing
- Energy Star water heaters
- Energy Star furnaces
- Low flow water fixtures



HVAC Rebates

ENERGY STAR® Heat Pump

\$500 Rebate

- ENERGY STAR® certified

Cold Climate Heat Pump

\$1,000 Rebate

- NEEP qualified

ENERGY STAR® Furnace

\$250 Rebate

- ENERGY STAR® certified



Smart Thermostat

\$50 rebate

- ENERGY STAR® certified

Peak Energy Rewards

\$50 bill credit to enroll

\$25 annual bill credit for continued participation

- ENERGY STAR® certified
- Smart thermostat must be used to control central air conditioning



Water Heating Rebates

Hybrid Heat Pump Water Heater

\$200 Rebate

- ENERGY STAR® certified

Natural Gas Storage Water Heater

\$50 Rebate

- ENERGY STAR® certified



To learn more about the Clean Heat and Sustainable Energy Plans, what would be helpful to you?

- a. In-person discussions with experts
- b. Public meetings
- c. On-line materials (www.csu.org)
- d. Digital and video resources
- e. Newsletter or other written materials

Please scan the code below to provide feedback and be entered into a drawing for a smart thermostat:





Colorado Springs Utilities
It's how we're all connected

Q & A

Somer Mese – Chief Operations Officer
David Longrie – Manager Energy Resource
Planning and Innovation

2023 Demand Side Management Programs & Services



Colorado Springs Utilities
It's how we're all connected

TABLE OF CONTENTS

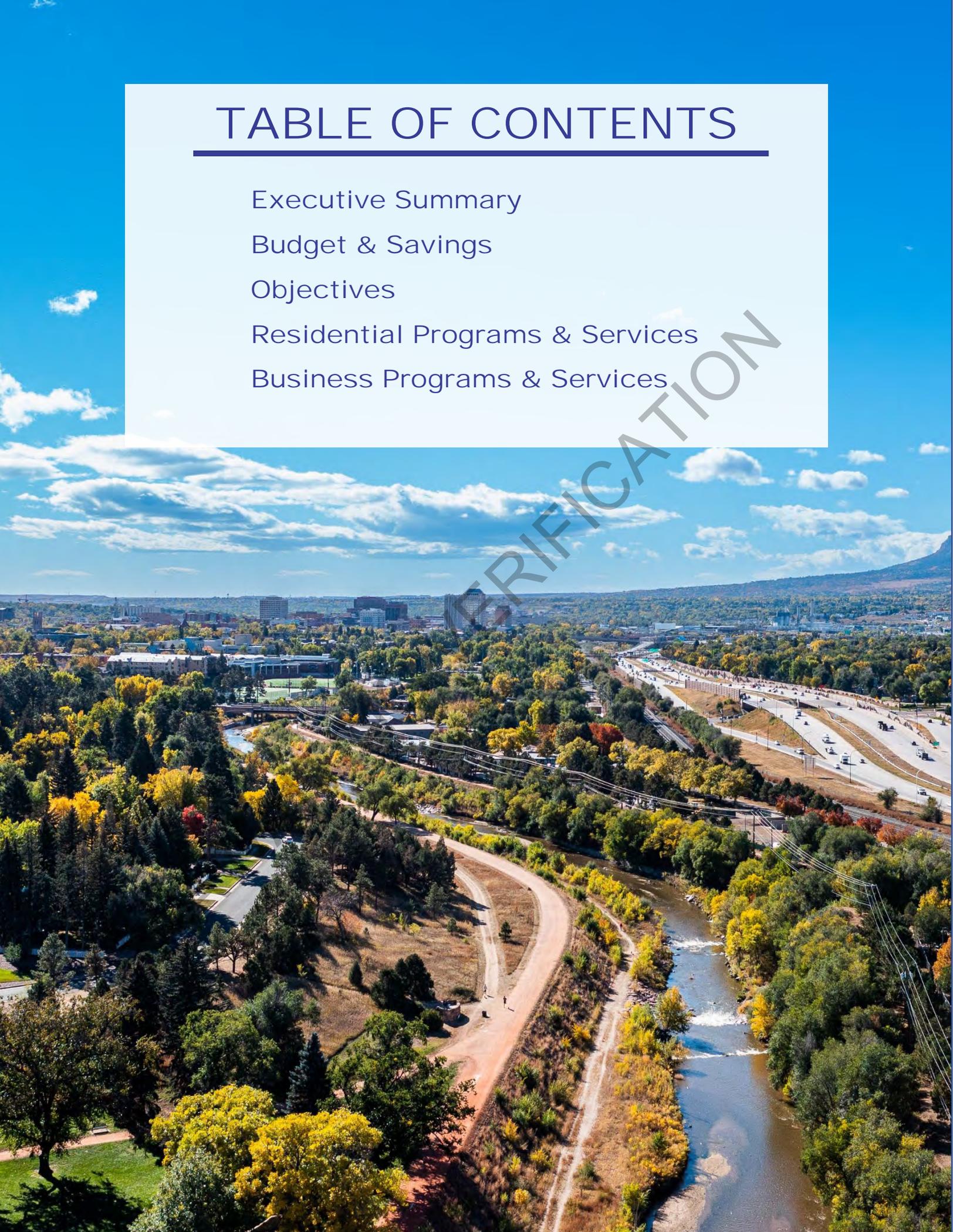
Executive Summary

Budget & Savings

Objectives

Residential Programs & Services

Business Programs & Services



EXECUTIVE SUMMARY

Colorado Springs Utilities offers electric and natural gas demand side management solutions for business and residential customers to save money, use less energy, and contribute to a sustainable future.

Demand side management (DSM) is a strategy that enables utilities to influence the time and use of energy, demand, or carbon intensity of customer activities. DSM programs can include energy efficiency, demand response, renewable energy systems, energy storage, and decarbonization measures. DSM measures can reduce the need for peak capacity, energy generation, and purchase costs which equates to customers saving money.

In 2021, the Colorado General Assembly passed requirements for natural gas distribution utilities to reduce greenhouse gas emissions by 4% by 2025 and 22% by 2030, using year 2015 as a baseline. As a natural gas distribution utility, Colorado Springs Utilities (Springs Utilities) is required to file a Clean Heat Plan beginning in 2023, outlining methods to meet these targets using a mix of supply side and demand side resources. These “clean heat resources” can include energy efficiency programs, recovered methane, green hydrogen, and beneficial electrification.

Springs Utilities offers natural gas demand side management programs that provide greenhouse gas emissions savings (avoided CO₂ emissions) eligible towards Clean Heat Plan (CHP) targets. These programs are scalable and can be compared against supply side clean heat resources for cost-effectiveness on a cost per metric ton of CO₂ (\$/MT CO₂) basis.

Current DSM programs eligible to contribute towards the Clean Heat Plan:

- Builder Incentive Program
- Engineering Design Assistance
- HVAC Equipment Rebates
- Water Heater Rebates
- Home Efficiency Assistance Program (HEAP)
- Insulation & Air Sealing Rebates
- Smart Thermostat Rebates



The clean heat resources in Springs Utilities’ Clean Heat Plan are currently being evaluated. Demand side management programs are a cost-effective way to reduce greenhouse gas emissions and are a valuable CHP resource.



DSM BUDGET & FORECAST SAVINGS

2023 DSM Plan		2023 Budget	2023 Demand Reduction (MW)	Lifetime Electric Energy Savings (MWh)	Lifetime Gas Energy Savings (Dth)	Lifetime Avoided CO2 Emissions (MT CO2)	Levelized Cost of Energy Savings (\$/MWh, \$/Dth)	Levelized Cost of Avoided Emissions (\$/MT CO2)
Electric								
Residential	Electric Efficiency Product Promo	\$ 19,042	0.1	3,538	0	-	6.96	-
	Home Efficiency Assistance Program	\$ 96,582	0.01	2,120	0	-	45.55	-
	Peak Energy Rewards	\$ 356,100	1.7	0	0	-	0	-
	Refrigerator & Freezer Recycling Rebate	\$ 35,771	0.01	581	0	-	67.64	-
Business	Energy Custom Rebate	\$ 100,000	0.18	5,920	0	-	18.56	-
	Building Retro-Commissioning	\$ 85,000	TBD	TBD	TBD	-	TBD	-
	High Efficiency Air Cooling	\$ 180,000	0.68	26,627	0	-	7.25	-
Electric Total		\$ 872,495	2.70	38,787	0	-		-
Natural Gas								
Residential	HVAC Equipment Rebate	\$ 45,640	0	0	34,844	1,684	1.28	24.36
	Water Heater Rebate	\$ 19,975	0	0	12,461	396	2.18	57.37
	Home Efficiency Assistance Program	\$ 1,215,889	0	0	95,150	5,050	12.90	242.99
	Insulation & Air Sealing Rebate	\$ 70,910	0	65	174,228	9,255	0.46	8.72
	Smart Thermostat Rebate	\$ 104,088	0	1,033	65,312	3,767	2.24	38.87
	WaterSense Show erhead Exchange	\$ 13,065	0	1,115	40,795	2,490	0.37	5.99
Business	Builder Incentive Program	\$ 569,727	0	2,371	394,368	21,309	1.52	28.04
	Engineering Design Assistance	\$ 85,000	TBD	TBD	TBD	TBD	TBD	TBD
	WaterSense Show erhead Rebate	\$ 5,000	0	236	8,618	526	0.80	13.04
Natural Gas Total		\$ 2,129,294	0	4,819	825,777	44,477		
General & Administrative		\$ 118,319						
Home Efficiency Assistance Program (Water)		\$ 227,079						
TOTAL		\$3,347,187	2.8	43,605	825,777	44,477	\$11.95/MWh \$2.56/Dth	\$48.05

New programs or program features.

Note: Building Control Systems and Engineering Design Assistance are new programs for 2023. Deemed savings begin in 2024.

Discontinued for 2023:

- Electric Dryer Rebate
- Holiday Lighting Exchange
- Renewable Energy Rebate
- Business Lighting Rebate

OBJECTIVES

-  **Electric Energy Efficiency** 288,700 MWh cumulative annual reduction by 2030
-  **Gas Energy Efficiency** 656,600 Dth/hr cumulative annual peak reduction by 2030
-  **Demand Reduction**
62 MW Demand Response capacity by 2030
40 MW firm reduction from energy efficiency 2030 timeframe
-  **Decarbonization**
80% Electric Source Emissions Reduction by 2030
22% Natural Gas Emissions Reduction by 2030
+Statewide goals for electrified transportation
-  **Resiliency** 5 MW Distributed Energy Storage 2030 timeframe
-  **Equity**
10% of DSM funding to HEAP Low-income program
+Variety of programs offered to customers

DSM objectives are determined during the Electric & Natural Gas Integrated Resource Planning.

RESIDENTIAL PROGRAMS & SERVICES

PRESCRIPTIVE REBATES

HVAC Equipment
Water Heaters
Insulation & Air Sealing
Refrigerator & Freezer Recycling
Smart Thermostats

DEMAND RESPONSE

Peak Energy Rewards

INCOME QUALIFIED

Electric Efficiency Product Promo
Home Efficiency Assistance Program (HEAP)

EXCHANGE SERVICE

WaterSense Showerhead Exchange

Since about 50% of your energy can be used for space heating and cooling, having an HVAC system that works effectively and efficiently is smart.

Furnaces bearing the ENERGY STAR® mark perform up to 15% more efficiently than baseline models, which translates into valuable energy savings, cost savings and a reduction in greenhouse gases.

OBJECTIVES



Natural Gas Energy Efficiency



Decarbonization

If you are considering installing an air conditioner, or need to replace an old unit, an air source heat pump (ASHP) is a great option. An ASHP is an air conditioner with a reversing valve, so it can provide both heating and cooling for your home. Using an ENERGY STAR® air source heat pump in conjunction with a furnace, can save energy and money because it is approximately four times more efficient than a standard furnace during warmer winter months.



If you are considering installing an air source heat pump as the primary heating source in your home, a great option is a cold climate air source heat pump (ccASHP). A ccASHP has the efficiency benefits of a standard air source heat pump without the need for back up heat because it continues to run efficiently as the temperatures decrease below 0°F.



SCAN for more INFO



ENERGY STAR® Heat Pump \$500 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Ducted Heat Pumps](#)
[ENERGY STAR® Certified Ductless Heat Pumps](#)

Cold Climate Heat Pump \$1,000 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- RBD permit required for quality installation.
- Must be NEEP qualified.

[Northeast Energy Efficiency Partnerships \(NEEP\)
Product List](#)

ENERGY STAR® Furnace \$250 Rebate

- Open to natural gas customers.
- Retrofit applications only.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Natural Gas Furnaces](#)

Water heaters use about 20% of your home's energy. That equates to more energy than your refrigerator, dishwasher, clothes washer, and dryer combined!

If your water heater is more than 10 years old, you may want to consider a new one. Today's ENERGY STAR® certified models have better insulation and more efficient burners, which means improved energy efficiency that reduces the drain on your wallet.

OBJECTIVES



Natural Gas Energy Efficiency



Decarbonization

Save even more with a heat pump water heater (HPWH) – commonly referred to as Hybrid Electric water heaters. HPWHs use a hybrid system that reliably and efficiently produces hot water in both warm and cold climates.



ENERGY STAR® gas storage water heaters use about 10% less energy compared to standard gas water heaters.



ENERGY STAR® heat pump water heaters are up to 4 times more efficient and use 70% less energy than a standard model.

Hybrid Heat Pump Water Heater \$200 Rebate

- Open to electric and natural gas customers.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Hybrid Heat Pump Water Heaters](#)

Natural Gas Storage Water Heater \$50 Rebate

- Open to natural gas customers.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Gas Storage Water Heaters](#)



SCAN for more INFO

Proper insulation and air sealing will ensure you are getting the most from efficiency improvements like a new HVAC system or window upgrades. And, since 50% of your energy bill can go toward heating and cooling, creating an envelope for your home will seal the deal when it comes to savings.

OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

Insulation comes in a variety of forms including fiberglass batts, loose fill cellulose, and open and close cell foams. Each material has a different R-value assigned to it, which is the material's resistance to heat flow. The higher the R-value number indicates the insulation is more effective at keeping the home cool in the summer and warm in the winter.



Air sealing is discovering all the nooks and crannies that allow air to leak in and out of the home and sealing them up! Gaps and open seams can form along the edges of doors and windows and even around the can lights in your ceiling.



Attic Insulation & Air Sealing

40% of installation cost up to \$200 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- Attic insulation must include bypass air sealing.
- Attic insulation R-value must be R49 and above.

Wall Insulation

40% of installation cost up to \$200 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- Wall insulation R-value must be R13 and above.

For best results, combine
AIR SEALING with
insulation projects!



SCAN for more INFO

Refrigerator & Freezer Recycling Rebate

Colorado Springs Utilities has teamed up with ARCA Recycling to offer free, haul-away refrigerator and freezer recycling services to customers. ARCA Recycling is a recognized Responsible Appliance Disposal partner and ensures proper disposal of old refrigerated appliances using environmental best practices.

The recycling program promotes energy savings through the retirement of inefficient refrigerators and freezers by encouraging customers to recycle the previously used refrigerator instead of keeping it as a secondary unit or rehoming to another household.

OBJECTIVES



Electric Energy Efficiency

Environmental Concerns

Refrigerators and freezers may contain hazardous materials that require proper and safe disposal. Many household refrigerators manufactured before 1995 contain chlorofluorocarbon (CFC) refrigerant that is considered an ozone-depleting substance. Some Insulating foams and other hazardous components can be environmental concerns and should be handled carefully during the recycling and disposal process.



Refrigerator & Freezer Recycling \$50 Rebate

- Open to electric customers.
- Appliance must be:
 - 10 to 32 cubic feet in size
 - Operable, empty, and accessible
 - Recycled by ARCA Recycling

Schedule a pickup by calling (888) 540-5931 or complete the online form at arcaincutility.com/CO/Colorado-Springs-Utilities



ARCA Recycling
888-540-5931

Participant of the Environmental Protection Agency's Responsible Appliance Disposal (RAD) program for 13 years.

Responsible Appliance Disposal (RAD)

RAD is a voluntary Environmental Protection Agency program that partners with utilities, retailers, manufacturers, and state and local government entities to dispose of old refrigerated appliances using environmental best practices beyond federal requirements.



SCAN for more INFO

Boost the brainpower of your home when you install a smart thermostat. Smart thermostats track use and temperature data so you can get smart about your usage. Adjust temperature settings remotely with a tap on your smartphone screen or create a schedule for your system and let the thermostat do all the work.

OBJECTIVES



Electric Energy Efficiency

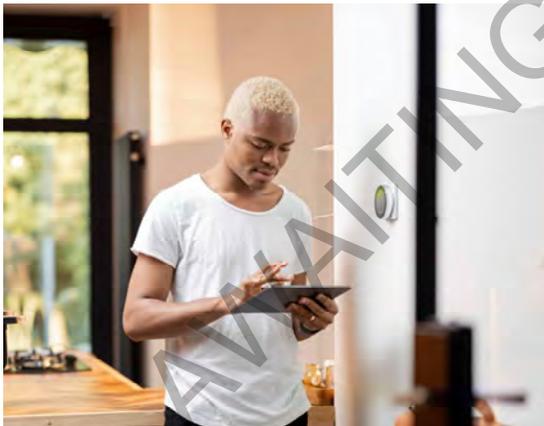


Natural Gas Energy Efficiency



Decarbonization

Smart thermostats can have a variety of features to help you save money and stay comfortable in your home. Some enable you to adjust the temperature in your home from anywhere through wi-fi connectivity. Others detect when you have left for the day to setback your HVAC system, and automatically adjusts the temperature so you return to a comfortable home.



Many smart thermostats learn temperature preferences and establish a schedule that automatically adjusts to energy-saving settings. They can also alert to power outages, when it is time to change the air filter, and sudden changes in temperature which could indicate a problem.



SCAN for more INFO



Smart Thermostat \$50 Rebate

- Open to electric and natural gas customers.
- Must be ENERGY STAR® certified.

TIP

Bundle the smart thermostat rebate with the Peak Energy Rewards program and receive even more!

Peak Energy Rewards

Customers with a wi-fi connected smart thermostat can enroll in the Peak Energy Rewards demand response program and receive a \$50 enrollment bill credit plus a \$25 bill credit each year they participate in the program.

Eligible Thermostat Providers:

- Alarm.com
- ecobee
- Emerson
- Honeywell Home
- Lux
- Google Nest
- Radio Thermostat
- Vivint

See additional Peak Energy Rewards program information and Frequently Asked Questions at enrollmythermostat.com/faqs/springsutilities.

The Peak Energy Rewards program is a voluntary program for residential and business electric customers who have eligible smart thermostats connected to their central air conditioning.

When summer temperatures climb, demand for electricity increases and can cause strain on the grid. The Peak Energy Rewards program is designed to help reduce energy use during times of high energy demand.



OBJECTIVES



Demand Reduction

Participants agree to brief adjustments of four degrees or less to their thermostat(s) during peak electric demand periods from May 1 through Sept. 30. Adjustments to their thermostat typically last no more than four hours and will not occur on weekends or holidays, except in the event of a system emergency.



Colorado Springs Utilities has partnered with Energy Hub to enroll and aggregate customers for demand response events. Springs Utilities schedules events on hot summer days when the community's energy use is at its highest. These events help increase system reliability and keep electric costs lower for everyone.

Peak Energy Rewards

\$50 bill credit to enroll in the program

PLUS

\$25 annual bill credit for participation

- Open to electric customers.
- Must have an ENERGY STAR® certified smart thermostat.
- Thermostat must be used to control central air conditioning.

Eligible Thermostat Providers:

- Alarm.com
- ecobee
- Emerson
- Honeywell Home
- Lux
- Google Nest
- Radio Thermostat
- Vivint



SCAN for more INFO

The Electric Efficiency Product Promo (EPPP) program promotes electric energy efficiency and equity by providing LED lightbulbs at no cost to income qualified customers to improve the energy savings on their utility bills.

OBJECTIVES



Electric Energy Efficiency



Equity



This program uses several pathways to distribute the LED lightbulbs. Four LED lightbulbs are included in each Energy and Water Savings kit provided to key community partners for distribution. The LED bulbs are also installed in customer homes through support requests that aid:

- Brothers Redevelopment
- Colorado Springs Housing Authority
- Concrete Couch
- Family Life Services
- Greccio Housing
- Habitat for Humanity
- Homeward Pikes Peak
- Ithaka Housing
- Partners in Housing
- Public Exchange
- Rocky Mountain Community Land
- Salvation Army
- Silver Key



Energy and Water Savings Kit

- 4 LED lightbulbs
- 2 high-efficiency showerheads
- 2 bathroom faucet aerators
- 1 kitchen faucet aerator

Energy and Water Savings kits are provided to community partners for distribution. Key partners in 2022 included:

- Atlas Prep Middle School
- Centennial Elementary School
- LEAP Customers
- Meadows Community Center
- Mt. Carmel
- PPLD – East Branch
- PPLD – Ruth Holly
- PPLD – Sand Creek
- Salvation Army
- Silver Key
- Southern Colorado Health Network
- United Way Family Success Center
- Warriors Warehouse
- Westside Community Center

The Home Efficiency Assistance Program (HEAP) is the major contributor to the board requirement of 10% DSM budget allocated to the lower income demographic. The program works with the Energy Resource Center to provide efficiency services to income qualified homeowners' homes. The efficiency services support all four services by helping to reduce the utility burden on our customers and the energy and water needs of our community.



OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization



Equity

To qualify, a customer must

- Own the property they live in.
- Reside in a single-family home, townhouse, condo, multifamily unit (duplex or fourplex) or mobile/modular/manufactured home.
- Have a household gross income less than 60% of the state median income.

HEAP provides many durable upgrades to income qualified homeowners that improve the efficiency of all utility services in the home. The primary benefactor is gas, through improvements in insulation, heating, safety, and water with replacement toilets, showerheads and faucets, electricity and wastewater are also impacted to provide full-service efficiency gains.

HEAP Services

- Home efficiency audit
- Insulation in attic, wall, underfloor and foundation
- Air sealing on doors, wall penetrations and ceilings
- Furnace maintenance, replacement, or conversion to heat pump
- Water heater maintenance, replacement, or conversion to heat pump
- LED lighting
- Refrigerator replacement
- Toilet replacement
- Showerhead and faucet nozzle replacement
- Smart thermostat installation
- Electric kettles and passive clothes drying racks
- Smoke and carbon monoxide alarms
- Efficiency education



SCAN for more INFO

WaterSense Showerhead Exchange

Efficient showerheads save water, but today's models also do an excellent job saving energy by reducing demand on your water heater. All in all, you can save more than 60% of the water and energy you used before installing your new showerhead.

Colorado Springs Utilities offers a free showerhead exchange program to residential customers.



OBJECTIVES

-  Electric Energy Efficiency
-  Natural Gas Energy Efficiency
-  Decarbonization

A standard 2.5 gallon per minute (gpm) showerhead used for two ten-minute showers daily will use 17,750 gallons of heated water per year. Heating that water costs \$130. A similarly used WaterSense high-performance showerhead using between 1.5 and 2 gpm will save 3,550 to 7,100 gallons of heated water per year. This will save \$30 to \$50 per year in gas water heating costs. Together with the savings in water and wastewater, each showerhead can save \$50 to \$100 per year!

WaterSense Showerhead Exchange
Up to 2 Niagara Earth Showerheads

Residential customers may bring up to two old showerheads to our Conservation & Environmental Center and swap them for two new Niagara Earth Showerheads (1.5 gal/minute) at no cost.

[Learn more about Niagara Earth Showerheads](#)



One WaterSense
showerhead can save a
considerable amount of
energy!



SCAN for more INFO

BUSINESS PROGRAMS & SERVICES

PERFORMANCE REBATES

Commercial Building Efficiency

- Building Retro-Commissioning
- Engineering Design Assistance

Custom Energy Rebate

PRESCRIPTIVE REBATES

Refrigerator & Freezer Recycling

Smart Thermostat

WaterSense Showerhead

INCENTIVES

Builder Incentive Program

MIDSTREAM

High Efficiency Air Cooling

The Commercial Building Efficiency program consists of two components: Building Retro-Commissioning for existing commercial buildings and Engineering Design Assistance to target efficiency measures for new construction projects. The objective of this program is to enable business customers to make long-term cost-effective energy decisions.

Energy Performance for Buildings

House Bill 21-1286 or the “Energy Performance for Buildings” statute established benchmarking requirements and emission reduction targets for buildings 50,000 square feet and larger. The statute requires a greenhouse gas emissions reduction of 7% by 2026 and 20% by 2030 from a 2021 building energy use baseline.

The Colorado Energy Office developed recommendations for the Air Quality Control Commission to consider when developing the Building Performance Standards (BPS). The BPS will be used to achieve the reduction targets set in House Bill 21-1286.

The primary pathway to meet the Building Performance Standards includes energy efficiency and electrification of 80% of building space and water heating, and secondary pathways include renewables, partial electrification and demand response and flexibility.

To empower building owners to meet to the statute and make energy efficiency improvements to their buildings, Springs Utilities will offer engineering design assistance, building control systems, building retro-commissioning, and small business audits to assess potential energy saving measures and performance-based rebates.

OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

Small Business Audits

For buildings 50,000 square feet and smaller, Springs Utilities will provide energy audits to small business customers in-house to assess potential energy saving measures on a case-by-case basis.

Engineering Design Assistance

Engineering Design Assistance aims to enable commercial customers to participate in demand response savings and implement future grid interactive buildings by capturing efficiency improvements and whole building strategies during the design phase of new construction (this includes large additions and major renovations to existing buildings). This program is designed to enable large projects with ambitious energy goals for buildings 50,000 square feet and larger. Springs Utilities will partner with a third-party implementer to provide design assistance to implement energy saving measures that reduce electric and gas usage in the building. This in turn will lower the demand and energy requirements for the utility for the next 10-20 years by locking in savings through measures and controls that would not otherwise be implemented.

TIP

Building Retro-Commissioning may be a good fit for business customers pursuing the Energy Efficiency Commercial Buildings deduction in section 13303 of the Inflation Reduction Act.

Building Retro-Commissioning

Building Retro-Commissioning aims to help commercial customers achieve demand and energy savings through building control systems and building retro-commissioning of buildings 50,000 square feet and larger. It focuses on existing commercial buildings with complex heating, ventilation, and air conditioning (HVAC) systems. Springs Utilities will partner with a third-party implementer to provide design assistance and performance-based rebates to help alleviate the first cost and market barriers associated with many energy efficiency measures.



SCAN for more INFO

The Custom Energy Rebate program offers incentives to customers that may have unique equipment or processes that do not fit into standard rebate offerings.

This program enables Springs Utilities to respond to new or evolving technologies by partnering with a customer to provide opportunities to learn the effects of the technology on Utilities system, how the customer uses the technology, and, if applicable, how to structure a standard rebate program offering for the technology.



OBJECTIVES



Electric Energy Efficiency

Custom Energy Success Story!

A customer has been operating in Colorado Springs for many years. This company has an energy intensive legacy piece of equipment and the building operators have identified energy savings measures, but year after year the requested upgrades are denied in favor of a more profitable division in the company. The customer was able to partner with Springs Utilities through the Custom Energy Rebate program to upgrade the antiquated systems to more energy efficient systems. The upgrades removed 156 kW and over 1,000,000 kWh from the electrical distribution system!



Equipment that may qualify:

Any equipment where there is a low cost/low efficiency option and a higher cost/higher efficiency option for replacement of existing equipment, such as:

- High efficiency compressed air systems
- Water cooled chillers
- Refrigeration
- High-efficiency process equipment

Requirements

- Open to electric and natural gas customers.
- Pre-approval and pre-inspection are required on all projects.
- Projects require a Measurement & Verification (M&V) process to determine the actual savings and rebate amount.

Future Development

The Custom Energy Rebate program previously explored electric energy efficiency measures due to the affordable cost of natural gas. With recent House Bill 21-1286 requiring buildings to reduce greenhouse gas emissions, the program will investigate gas energy efficiency measures such as commercial kitchen equipment to save energy and reduce emissions.



SCAN for more INFO

Refrigerator & Freezer Recycling Rebate

Colorado Springs Utilities has teamed up with ARCA Recycling to offer free, haul-away refrigerator and freezer recycling services to customers. ARCA Recycling is a recognized Responsible Appliance Disposal partner and ensures proper disposal of old refrigerated appliances using environmental best practices.

The recycling program promotes energy savings through the retirement of inefficient refrigerators and freezers by encouraging customers to recycle the previously used refrigerator instead of keeping it as a secondary unit or rehoming to another household.

OBJECTIVES



Electric Energy Efficiency

Environmental Concerns

Refrigerators and freezers may contain hazardous materials that require proper and safe disposal. Many household refrigerators manufactured before 1995 contain chlorofluorocarbon (CFC) refrigerant that is considered an ozone-depleting substance. Some insulating foams and other hazardous components can be environmental concerns and should be handled carefully during the recycling and disposal process.



SCAN for more INFO



Refrigerator & Freezer Recycling \$50 Rebate

- Open to electric customers.
- Appliance must be:
 - 10 to 32 cubic feet in size
 - Operable, empty, and accessible
 - Recycled by ARCA Recycling

Schedule a pickup by calling (888) 540-5931 or complete the online form at arcaincutility.com/CO/Colorado-Springs-Utilities



ARCA Recycling
888-540-5931

Participant of the Environmental Protection Agency's Responsible Appliance Disposal (RAD) program for 13 years.

Responsible Appliance Disposal (RAD)

RAD is a voluntary Environmental Protection Agency program that partners with utilities, retailers, manufacturers, and state and local government entities to dispose of old refrigerated appliances using environmental best practices beyond federal requirements.

Boost the brainpower of your business when you install a smart thermostat. Smart thermostats track use and temperature data so you can get smart about your usage. Adjust temperature settings remotely with a tap on your smartphone screen or create a schedule for your system and let the thermostat do all the work.

OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

Smart thermostats can have a variety of features to help you save money and stay comfortable in your home. Some enable you to adjust the temperature in your home from anywhere through wi-fi connectivity. Others detect when you have left for the day to setback your HVAC system, and automatically adjusts the temperature so you return to a comfortable home.



Many smart thermostats learn temperature preferences and establish a schedule that automatically adjusts to energy-saving settings. They can also alert to power outages, when it is time to change the air filter, and sudden changes in temperature which could indicate a problem.



SCAN for more INFO



Smart Thermostat \$50 Rebate

- Open to electric and natural gas customers.
- Must be ENERGY STAR® certified.

TIP

Bundle the smart thermostat rebate with the Peak Energy Rewards program and receive even more!

Peak Energy Rewards

Customers with a wi-fi connected smart thermostat can enroll in the Peak Energy Rewards demand response program and receive a \$50 enrollment bill credit plus a \$25 bill credit each year they participate in the program.

Eligible Thermostat Providers:

- Alarm.com
- ecobee
- Emerson
- Honeywell Home
- Lux
- Google Nest
- Radio Thermostat
- Vivint

See additional Peak Energy Rewards program information and Frequently Asked Questions at enrollmythermostat.com/faqs/springsutilities.

To encourage customers to save both water and energy, Springs Utilities offers a rebate to commercial customers who install or retrofit WaterSense certified showerheads at their facilities.

OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

This program is intended for retrofit and new construction and applies to bulk purchases of 10 showerheads or greater.

One WaterSense
showerhead can save a
considerable amount of
energy!

A standard 2.5 gallon per minute (gpm) showerhead used for two ten-minute showers daily will use 17,750 gallons of heated water per year. Heating that water costs \$130. A similarly used WaterSense high-performance showerhead using between 1.5 and 2 gpm will save 3,550 to 7,100 gallons of heated water per year. This will save \$30 to \$50 per year in gas water heating costs. Together with the savings in water and wastewater, each showerhead can save \$50 to \$100 per year!



WaterSense Showerhead Rebate

\$10 rebate or 50% of purchase price if less than \$20

- Open to natural gas or water customers.
- For retrofit and new construction.
- Applies to bulk purchase of 10 showerheads or greater.
- Showerheads must be WaterSense approved.

Find WaterSense Showerhead products at [lookforwatersense.epa.gov/products](https://www.epa.gov/lookforwatersense).



SCAN for more INFO

The Builder Incentive Program provides a direct-to-builder incentive to construct homes to a higher efficiency than the current market and regulatory energy codes. It provides builders with incentives based on efficiency of the home and enhanced building techniques including electrification. The program can tailor incentives to encourage utilization of building technologies and features that support long term savings in all utility services.

Our Builder Incentive Program has been recognized on several occasions by ENERGY STAR® over the past 15 years for its demonstrated success, and most recently received the 2022 ENERGY STAR® Residential New Construction Market Leader Award. Previous ENERGY STAR® awards were received in 2020, 2019, 2018, 2012, 2010, 2009 and 2008.

OBJECTIVES

-  Electric Energy Efficiency
-  Natural Gas Energy Efficiency
-  Decarbonization



Builders receive an incentive based on the Home Energy Rating Score (HERS) that helps support the additional cost of work and materials needed to improve the home performance. Customers receive a home that is more comfortable, efficient, and affordable to maintain through lower utility usage and improved construction standards.

Additional incentives are provided for completion of green building standards like ENERGY STAR®, as these are deemed to support sustainable savings through enhanced building techniques and inspection processes.

For 2022, beneficial electrification bonuses were added, after an initial pilot in 2021, to ease the transition to electrical heating and hot water heating.

Incentives

\$200-2,250	\$200 for a HERS score of 60, then \$25 per point up to a maximum of \$2,250 for a HERS score of 0 (Zero Energy Home)
\$700	ENERGY STAR® heat pump water heater
\$800	Heat pump installation instead of an air conditioning unit
\$2,000	Full electrification of home
\$350	One or more of the following Home Building Standards: <ul style="list-style-type: none"> - ENERGY STAR® - National Green Building Standard - Leadership in Energy and Environmental Design - Passive House



SCAN for more INFO

The High Efficiency Air Cooling program is a midstream program that offers incentives to suppliers aimed at increasing the sale and installation of high-performance commercial HVAC equipment.

OBJECTIVES



Electric Energy Efficiency



For 2022, the program joined the regional midstream offering provided by Energy Solutions (also servicing Xcel Energy and Platte River Power Authority successfully for several years). This new contractor offers a much closer integration with local suppliers and the support of two local utilities keen on creating a consistent platform across Colorado. The program now has all major suppliers on board and installations are ramping up.

What is a midstream program?

Midstream programs provide incentives to suppliers rather than the traditional downstream process of a post purchase rebate to customers.

For the customer this provides simplicity and reduced financial investment, with no application process.

Contractors are educated by suppliers on the benefits and model ranges. No need to provide tech details to customer to support rebate application, just select and install.

Suppliers financial risk is reduced for stocking higher margin and efficiency equipment as incentive allows supplier to upsell at a lower cost.

For the utility this results in the market transforming from one where the lowest cost units are stocked to one where high-performance equipment becomes readily available, and a reduction in energy use occurs with each replacement whether planned or not.

Eligibility Requirements

- Open to commercial customers.
- The project site must be within Springs Utilities electric service territory.
- Eligible equipment includes:
 - Air cooled systems including heat pumps
 - Unitary air conditioners
 - Air cooled chillers
 - Packaged terminal heat pumps (PTHPs) and ductless mini/multi-splits



SCAN for more INFO



Colorado Springs Utilities

It's how we're all connected





Colorado Springs Utilities

It's how we're all connected

Planning our Energy Future – Public Meeting – May 8, 2023

Audience:

Public at large and key stakeholder groups were notified via press release, csu.org and Colorado Springs Utilities social media accounts.

Personal invites were provided to the following groups. Attendance is noted.

- Military
 - Ft. Carson
 - Peterson AFB
 - USAFA
- Business Groups
 - Key Account Customers
 - COS Chamber/EDC - **Present**
 - Housing & Building Assoc
 - Downtown Partnership - **Present**
 - Assn. of Realtors
 - Hispanic Chamber of Commerce
 - Women's Chamber
 - Appt. Association
 - Building Owners & Managers Assoc. (BOMA)
 - Black Chamber of Commerce
 - Associated General Contractors
 - Pikes Peak Mechanical Contractors Association
 - Pikes Peak Small Business Development Center
- Disadvantaged/Disproportionally Impacted Customers
 - Energy Resource Center
 - Family Success Center
 - Pikes Peak Habitat for Humanity
- Community Groups
 - CONO
 - El Pomar Foundation
 - COSILoveyou
 - Organization of Westside Neighbors
 - Pikes Peak Community Foundation
- Environmental Groups
 - Sierra Club - COS Chapter
 - 350 Colorado - **Present**
- Colorado Springs Health Foundation
- Local Government Groups
 - City of COS
 - Pikes Peak Area Council of Governements



Colorado Springs Utilities

It's how we're all connected

- Pikes Peak Regional Building Department
 - City of Manitou Springs
- Education Institutions
 - Colorado College
 - University of Colorado at Colorado Springs
- Pikes Peak State College
- VisitCOS
- Utilities Policy Advisory Committee - **Present**
- Colorado Energy Office

AWAITING VERIFICATION

AGENDA

Wednesday, May 17, 2023

1:00 p.m. or directly following the conclusion of the Special City Council meeting.

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

[+1 719-733-3651,,137775188#](#)

- | | | | |
|------------------|--|----------------|--------------------|
| 1:00 p.m. | 1. Call to Order | Chair Donelson | |
| 1:05 p.m. | 2. Invocation and Pledge of Allegiance | | |
| 1:10 p.m. | 3. Consent Calendar
These items will be acted upon as a whole, unless a specific item is called for discussion by a Board Member or a citizen wishing to address the Utilities Board. (Any items called up for separate consideration shall be acted upon following Compliance Reports.) | Chair Donelson | |
| | 3a. Approval of Utilities Board Meeting Minutes: April 19, 2023 | Chair Donelson | Approval |
| 1:20 p.m. | 4. Customer Comments <ul style="list-style-type: none"> • During the customer comment period, comments are accepted for any topic not on the agenda. • Comments for specific agenda items will be taken following the presentation of the item and the Board's discussion. • Comments will be limited to three minutes per speaker, per item. • Following the comments from customers that have signed up to speak, an announcement will be made seeking additional comments and the Board will accept all those wishing to comment. | Chair Donelson | Information |

1:45 p.m.	<p>5. Compliance Reports: I-2 Financial Condition and Activities (to include Contracts Over \$500K) G-7 – Q1</p> <ul style="list-style-type: none"> • Reviewing committee: Finance <p>I-2 Financial Condition and Activities - Annual City Auditors Report G-7 (Annual external)</p> <ul style="list-style-type: none"> • Reviewing committee: Finance <p>I-8 Asset Protection - Annual City Auditors Report</p> <ul style="list-style-type: none"> • Reviewing committee: Finance <p>E-2 CEO Responsibilities</p> <ul style="list-style-type: none"> • Water Outlook • ECA/GCA monitoring 	Travas Deal, Chief Executive Officer	Monitoring
2:00 p.m.	6. Items Called Off Consent Calendar		
2:10 p.m.	7. Water Service Extension Ordinance & Annexations	Bryan English, Project Manager III	Discussion
		Renee Congdon, Utilities Division Chief - City Attorney's Office	
2:50 p.m.	8. Fountain Valley Authority (FVA) Water Treatment Contract	Abby Ortega, Resource Infrastructure Planning General Manager	Discussion
3:10 p.m.	9. Clean Heat Plan	David Longrie, Engineering Manager	Discussion
3:30 p.m.	10. Economic Development Subcommittee Dissolution	Natalie Watts, Strategic Planning and	Approval

			Governance Manager	
3:40 p.m.	11.	Board Member Updates	Board of Directors	Information
3:50 p.m.	12.	Summary of Board Actions	Andie Buhl, Utilities Board Administrator	
4:00 p.m.	13.	Adjournment	Chair Donelson	

AWAITING VERIFICATION

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, April 19, 2023

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Nancy Henjum, Yolanda Avila, Lynette Crow-Iverson, David Leinweber, Brian Risley and Michelle Talarico

Staff members present via Microsoft Teams or Blue River Conference Room: Travas Deal, Renee Adams, Tristan Gearhart, Lisa Barbato, Somer Mese, Dan Norton, Jamie Fabos, Natalie Watts, Joe Marcotte, Andie Buhl, Jessica Davis, Kandy Drake, Kalsoum Abbasi, Adam Hegstrom, Ron McKinnon, Jon Cockroft, Kevin Case, Brendan Cavanaugh, Nick Verdi, Melissa Remick, Wayne Griffin and Chris Fernandez

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Alex Ryden, Renee Congdon, Chris Bidlack, Jackie Rowland and Ryan Trujillo

1. Call to Order

Vice Chair O'Malley called the Utilities Board meeting to order at 1:00 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Mr. Adam Hegstrom, Springs Utilities' Treasury and Finance Manager, delivered the invocation and Vice Chair O'Malley led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Utilities Board Meeting Minutes: March 22, 2023

Board Member Henjum moved approval of the Consent Calendar and Board Member Helms seconded the motion. The Consent Calendar was unanimously approved.

4. Customer Comments

There were none.

5. Recognition

- Wastewater Worker Appreciation and NACWA Peak Performance Awards

Ms. Tara Kelley, Wastewater Treatment Manager, explained how Governor Jared Polis has declared April 16-22, 2023 as Wastewater Worker Appreciation Week statewide. The proclamation honors Colorado's wastewater workers and their contributions to

protecting Colorado’s water resources and the environment. Mr. Nick Verdi, Wastewater Collection Operations Superintendent I, expressed appreciation for Springs Utilities’ wastewater employees. He said Springs Utilities’ wastewater employees respond 24 hours a day, seven days a week to ensure that customers’ wastewater is collected and treated to a high standard to protect the environment.

Ms. Kelley said Springs Utilities’ Las Vegas Street Water Resource Recovery Facility and J.D. Phillips Water Resource Recovery Facility also received award-winning treatment performance awards from the National Association of Clean Water Agencies (NACWA). She said the Las Vegas Street facility recently received the Platinum Peak Performance Award for demonstrating eight consecutive years (2014-2021) of 100% compliance with its discharge permit – and the J.D. Phillips facility was recognized with a Gold Peak Performance Award for 100% compliance in 2021.

Ms. Kelley introduced wastewater collection specialists and Board Members Avila, Henjum and Donelson recognized and thanked Springs Utilities’ wastewater staff and employees.

- Community Focus Fund (CFF) G.I.V.E. Month

Ms. Jamie Fabos, Public Affairs General Manager, said CFF was established by City Council resolution on March 25, 1997. She reviewed CFF’s mission statement and said it is a year-round initiative; however, during the month of April, the organization promotes G.I.V.E. (Get Involved in Volunteer Events). She said this is a concentrated effort of volunteering in the community where staff has a wide range of volunteer opportunities and engagement. Ms. Fabos also reviewed April GIVE events and CFF Steering Committee members.

Board Members Henjum, Avila and Leinweber expressed appreciation for Springs Utilities staff for their volunteer efforts and leveraging a younger volunteer audience.

6. Compliance Reports

- I-2 Financial Condition and Activities (to include Contracts Over \$500K**) G-7 – Q4
- I-12 Environmental Stewardship
- E-2 CEO Responsibilities
 - Water Outlook
 - ECA/GCA Monitoring

Ms. Kalsoum Abbasi, Planning Supervisor – Water Conveyance, provided a water outlook update. She reviewed Colorado Springs’ water supply system and Springs Utilities’ system diversions (from 1994 – 2022):

- Exchange (reuse) – 22%
- Local – 16%
- Arkansas River – 17%
- Colorado River – 45%

Ms. Abbasi discussed local weather conditions as of March 31, 2023 and the U.S. drought monitor which predicts that drought will persist in most of eastern Colorado. She said the snowpack in the Arkansas River Basin is 92% of normal as of April 17 and the snowpack in the Colorado River Basin is 134% of normal as of April 3.

Ms. Abbasi said the statewide SNOTEL map shows that watersheds in Colorado are at or above normal snow water equivalent, with the exception of the Arkansas River Basin. She explained that April 1 yield forecast predicts 100% of average yield from Colorado Springs' water collection systems this year.

Ms. Abbasi said water demand in March averaged 42.4 million gallons per day, which was 3.4% more than last year. She said approximately 85% of the increase over last year is due to delivery to Fountain Valley Agreement partners during a scheduled treatment plant outage.

Ms. Abbasi reviewed monthly water use for March 2023 and reservoir levels as of March 31, 2023. She discussed Colorado Springs' system wide storage, which is about 185,900 acre-feet, or 71.7% of capacity. She said this is above the shorter-term (2001-2022) average of 68.1% for this time of year. She also said Colorado Springs' system wide storage was about 187,600 acre-feet, or 72.4% of capacity, at the end of March, which is just below the longer-term (1991-2021) average of 74% for this time of year. This equates to about 2.6 years of demand in storage. Ms. Abbasi concluded with a water outlook summary.

7. Items Called Off Consent Calendar

There were none.

The Utilities Board took a break at 1:56 p.m. and returned at 2:06 p.m.

8. Acquisition of Real Property to be Used for the Central Bluffs Substation Project

Ms. Jessica Davis, Information Technology Manager, said the Central Bluffs Substation Project will combine three aging substations into one. She said the benefits of this project include long-term operations and maintenance (O&M) savings, system reliability and safety upgrades. She said there are seven total properties that Springs Utilities is purchasing for the Central Bluffs Substation Project.

Ms. Davis reviewed details of the property acquisitions for one of the sites: 2922 Austin Bluffs Parkway. She concluded with next steps, and the Utilities Board agreed to put this item on Consent at the May 9, 2023 City Council meeting.

9. Utilities Board Chair Election

Vice Chair O'Malley asked for nominations for the Chair of the Utilities Board and explained the process that would be followed. Vice Chair O'Malley nominated Board Member Donelson for Chair and explained why. Board Member Henjum nominated Board Member Avila for Chair and explained why.

Board Member Donelson explained his vision for the next two years. Board Member Avila explained her vision for the Board and highlighted her six years of experience already serving on the Utilities Board.

Ms. Buhl polled the Utilities Board members on their preference for Chair. Board Members Crow-Iverson, Donelson, Helms, Henjum, Leinweber, O'Malley and Risley voted in favor of Board Member Donelson. Board Members Avila, Henjum and Talarico voted in favor of Board Member Avila.

Vice Chair O'Malley announced Board Member Donelson as the new Chair of the Utilities Board. Chair Donelson shared his excitement and thanked Board members for their support.

10. Utilities Board Vice Chair Election

Chair Donelson asked for nominations for the Vice Chair of the Utilities Board and explained the process that would be followed. Chair Donelson nominated current Vice Chair O'Malley to remain Vice Chair and explained why.

Current Vice Chair O'Malley explained his vision for the next two years.

Ms. Buhl polled the Utilities Board members on their preference for Vice Chair. Board Members Avila, Crow-Iverson, Donelson, Helms, Henjum, Leinweber, O'Malley, Risley and Talarico voted in favor of Board Member O'Malley.

Chair Donelson announced Board Member O'Malley as the Vice Chair of the Utilities Board.

Vice Chair O'Malley shared his excitement to continue serving in this role and thanked Board members for their support.

11. Board Member Updates

Board Member Henjum recognized the Utilities Policy Advisory Committee (UPAC)'s work on their assignment and asked Board members to attend future Finance Committee meetings. She also thanked staff for coordinating orientation for the new Utilities Board members.

Board Member Avila brought awareness to district townhalls and the language barrier concern in Colorado Springs. She also expressed excitement to work with the new Utilities Board members.

Board Member Risley said he looks forward to attending future Strategic Planning Committee meetings and working with Springs Utilities.

Board Member Talarico provided an update from last night's public meeting about the demolition of Martin Drake Power Plant. She also thanked staff for keeping the Mill Street community informed throughout the process.

Vice Chair O'Malley welcomed perspectives from the new Utilities Board Members.

Board Member Crow-Iverson echoed the language barrier concern in Colorado Springs.

Chair Donelson encouraged Board members to attend all committee meetings, regardless of whether they are members. He also thanked the Board members for electing him Chair.

12. Adjournment

The meeting adjourned at 2:36 p.m.

AWAITING VERIFICATION



Date: May 17, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Financial Condition and Activities (I-2)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	January 1, 2023 – March 31, 2023
Policy Title (Number):	Financial Condition and Activities (I-2)	Reviewing Committees:	Finance; Program Management Review
Monitoring Type:	Internal; City Auditor	Monitoring Frequency:	Quarterly, Annually
Guidelines:	Local Vendor (G-7)		

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*
 - Fuel expenses are projected to be \$200.4 million or 38% under the approved budget primarily due to lower actual and forecasted 2023 natural gas prices than those projected at the time of the 2023 budget appropriation
 - Operating revenues are currently \$5.3 million or 1.9% over the approved budget mainly due to an increase in Electric Cost Adjustment and Gas Cost Adjustment revenue related to higher rates vs. lower fuel expenses
 - Capital expenses are projected to be \$53.1 million or 13% over the approved budget primarily due to work shifting from 2022 to 2023
 - Non-fuel operating expenses are projected to be \$5.3 million or 1% under approved budget primarily due to labor and benefits shift to Capital

- b. *Expenditures that exceed the Federal Energy Regulatory Commission capital and operating and maintenance budget classifications in electric, natural gas, water, wastewater and common.*

As of the end of the first quarter of 2023:

- Operating and maintenance expenses are projected to exceed the approved budget by \$4.3 million or 2% in A&G and \$0.1 million or <1% in Wastewater.
- Capital expenditures are projected to exceed the approved budget by \$37.3 million or 16% in Electric, \$13.1 million or 17% in Water, and \$5.5 million or 21% in 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.*

In the first quarter of 2023, there were two canceled capital projects, one in Electric, and one in Wastewater:

- Front Range Combustion Turbine 2 Compressor Replacement (193923) - \$1,487,500
- URP – Wastewater Mains Replacement and Lining (495405) - \$1,000,000

In the first quarter of 2023, there were twelve new capital projects, five in electric, one in gas, two in water, two in wastewater and two common:

- Advanced Technologies Campus (596664) - \$3,000,000
- Briargate 16 Inch Water Line (394758) - \$2,701,000
- Streetlighting in Memorial Park for City and Police Department (194052) - \$1,505,000
- Marksheffel Connector Propane Air Plant Expansion (293170) - \$1,238,386
- Middle Tributary Lift Station and Force Main Rehabilitation (495420) - \$1,200,000
- Network Virtualization and Security Platform (596732) - \$1,040,000
- Eagle River MOU Project (396081) - \$800,000
- Horizon Substation – 34.5kV Transformer, Switchgear, and Feeders (194037) - \$700,000
- Atmel Substation - Transformer, Switchgear, and Feeders (193745) - \$550,000
- Tesla Hydro Isolation Valves (193975) - \$500,000
- Fontanero 115kV Underground Reconfiguration (193933) - \$500,000
- Las Vegas Roof Replacement Program (495330) - \$500,000

2. Inform the Utilities Board of contracts that have been issued over \$500,000.

In the first quarter of 2023, there were 22 new contracts initiated over \$500,000.

Service	Description	Type	Contract Amount
Electric Service	Front Range Power Plant - U2 Gas Turbine Rotor	RELEASE	\$15,715,000
Electric Service	Drake Power Plant Abatement and Decommissioning	STANDARD	\$12,154,240
Multi Service	Serco- Target- Non Target	RELEASE	\$8,000,000
Multi Service	Fuel Agreement w/ City of Colorado Springs	RELEASE	\$2,300,000
Multi Service	Broadmoor Tank 4 Rehabilitation - upkeep and repair of Broadmoor tank 4.	STANDARD	\$1,732,625
Gas Service	Purchase Gas Tapping and Stopping Equipment	STANDARD	\$1,627,567
Multi Service	2023 Infor Milestones	RELEASE	\$1,594,092
Multi Service	HEAP Program (2023 Program Year)	RELEASE	\$1,539,550
Water Service	Twin Lakes Redundant Main Line Valve Replacement	STANDARD	\$1,400,000
Multi Service	Milestone 11 - C2M+O System Integrator Implementation	RELEASE	\$1,210,793
Electric Service	Front Range Power Plant ACC Switchgear conversion to Variable Speed Drives	STANDARD	\$970,216
Electric Service	Front Range Enhanced Compressor Packages	RELEASE	\$903,980
Multi Service	Infor SaaS Subscription 2023	RELEASE	\$864,000
Water Service	Homestake Outlet Tunnel Rehabilitation Project. Rehabilitation of the Homestake Outlet Structure Hydro Units 1 and 2	STANDARD	\$848,000
Multi Service	Network Virtualization and Security Platform VMWARE-ELA	RELEASE	\$764,872
Multi Service	CSS Implementation	RELEASE	\$735,664
Multi Service	NIXON MILLS - LONG LEADTIME	RELEASE	\$689,053
Multi Service	2023 - 2024 C2M Licenses	RELEASE	\$673,118
Electric Service	TNGG GENERATOR RELAY UPGRADE	STANDARD	\$662,987
Multi Service	Servers - ESA Life Cycle	RELEASE	\$626,574
Multi Service	Cable & Wire Alliance Hold at Irby	RELEASE	\$601,462
Water Service	Water Management And Reuse Studies	STANDARD	\$577,644

In the first quarter of 2023, there were 2 existing contracts increasing to over \$500,000.

Service	Description	Type	Contract Amount	
			Prior Qtr. Amount	Q1 Amount
Multi Service	Allegro-task order	RELEASE	\$416,600	\$572,600
Multi Service	Cable & Wire Alliance to be held at Irby	RELEASE	\$460,194	\$502,403

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

All cash and investments are in U.S. Treasury Notes, U.S. Agency securities, repurchase agreements, Local Government Investment Pools, and secured bank accounts that comply with Bond Ordinance investment requirements and the Colorado Springs Utilities Investment Plan.

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

Colorado Springs Utilities maintains adequate controls that are reviewed annually by an external auditor. Appropriate personnel have access to material amounts of funds. In addition, the City of Colorado Springs' Risk Management team has expanded insurance coverage of high-risk employees through a shared Crime Insurance Policy, which affords a financial backstop for employee theft, forgery, money order tampering, counterfeit money, and other elements of potential fraud and misappropriation.

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

Days Sales Outstanding (DSO) is the average number of days receivables remain outstanding before being collected. At the end of the first quarter of 2023, there is 20.5 of DSO.

- 6. Settle payroll and debts in a timely manner.*

These conditions have been achieved as of this monitoring report.

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

These conditions have been achieved as of this monitoring report.

- 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.*

Colorado Springs Utilities maintains written purchasing regulations that assure legal and fiscal compliance with competitive acquisition practices, avoid conflicts of interest, avoid favoritism, and promote procurement from local vendors. Total spending associated with purchase orders and contracts with local area addresses is at 23.5% for the first quarter with a target of 30%.

- 9. Inform the Utilities Board of significant financial impacts on the Municipal Government.*

During the first quarter of 2023, there were no significant financial impacts on the Municipal Government.



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Jacqueline M. Rowland
City Auditor, CPA CFE PMP

23-XX Colorado Springs Utilities Board Instruction I-2, Financial Conditions and Activities, and I-8, Asset Protection

April 2023

Purpose

The purpose of this high level compliance review was to determine whether Colorado Springs Utilities (Utilities) complied with Utilities Board Instructions to the Chief Executive Officer, Policies I-2, Financial Condition and Activities, and I-8, Asset Protection. In addition to verifying management’s 2022 quarterly and semi-annual monitoring reports, our objectives included assurance that any known violations were reported to the Utilities Board.

Highlights

Based on our review, we conclude that Colorado Springs Utilities and the Chief Executive Officer were in compliance with Utilities Board Instructions to the Chief Executive Officer, Policies I-2, Financial Condition and Activities, and Policy I-8, Asset Protection.

The Office of the City Auditor (OCA) completed our review as directed by the Utilities Board. Under Policy Guidelines - G-3, Compliance Report Frequency and Method, the OCA is required to monitor compliance with Policies I-2, Financial Condition and Activities, and I-8, Asset Protection, annually.

Policy I-2 states, “The Chief Executive Officer shall direct that financial condition and activities, and actual expenditures are consistent with Board expected results”. Policy I-8 states, “The Chief Executive Officer shall direct that enterprise assets are protected, adequately maintained, and not unnecessarily risked”. Our audit included verification of the accuracy and reliability of statements made in the monitoring reports prepared by Colorado Springs Utilities for the Utilities Board. Procedures included obtaining supporting documents, policies, reports, and data recalculations.

We would like to thank Utilities staff for their supportive cooperation during this review.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.

City Council’s Office of the City Auditor
City Hall, 107 North Nevada Ave. Suite 205, Mail Code 1542, Colorado Springs CO 80901-1575
Tel 719-385-5991 Fax 719-385-5699 Reporting Hotline 719-385-2387
www.ColoradoSprings.gov/cityauditor



Date: May 17, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: Excellence in Governance Monitoring Report
Utilities Board/Chief Executive Officer Partnership Expectations (E-2)

Desired Action: Monitoring

EXPECTATIONS	
Category:	Utilities Board/Chief Executive Officer Partnership Expectations
Policy Number:	E: 2 (Chief Executive Officer Responsibilities)

May 2023 Water Outlook using data as of April 30, 2023

Locally, temperatures were below average, and precipitation was average in April. Demands were less than last year at this time.

2023 Demands: April use averaged 49.3 million gallons per day (MGD), which was about 6.7% less than last April. Year to date demand is averaging 44.6 MGD, which is 1.9% more than last year at this time. Temperatures in April were below the 30-year average at 46.5 degrees Fahrenheit, which was 1.1 degrees below-normal. Year-to-date temperatures have averaged 37.4 degrees Fahrenheit, which is below normal for April. Total precipitation for April was 1.45 inches, which is normal. Year-to-date precipitation is 2.41 inches, which is 85% of normal.

Current Reservoir Levels: Local storage is currently at about 51,715 acre-feet (78% of capacity). The 1991-2020 average is 80% of capacity. Rampart Reservoir is at 90% of capacity, and Pikes Peak storage is at 60% of capacity. System wide, total storage is about 183,200 acre-feet (71% of capacity). Last year at this time, total system wide storage was 71% of capacity. It was about 70% at this same time in 2021, about 77% of capacity in 2020, about 71% of capacity in 2019, about 80% of capacity in 2018, about 78% of capacity in 2017, about 78% of capacity in 2016, about 80% of capacity in 2015, and about 61% of capacity in 2014. The 1991-2021 average system wide storage for the end of April is 72% of capacity.

Water Supply Outlook: Our April yield forecast predicts 100% of average yield from Colorado Springs' water collection systems this year. Snowpack is above average in most of Colorado,

except for the Arkansas River Basin. The three-month climate outlook predicts higher chances of above-average temperatures across the southern half of the state and equal chances of below-average and above-average precipitation throughout all of Colorado. We continue to monitor snowpack, demand and storage to maximize available water supply.

Operational Notes: The scheduled outage of the FVA Water Treatment Plant ended on April 22 and normal operations have since resumed. Total system storage is at 71% of capacity and holds about 2.6 years of demand, which is slightly below average for the end of April. Local storage contains about 264 days of demand.

Electric Cost Adjustment (ECA)

On Feb. 28, 2023, City Council approved the ECA rate of \$0.0284 per kWh effective March 1, 2023. As of April 30, 2023, the ECA under collection balance was \$4.3 million. The balance changed by \$3.1 million from the \$7.4 million under collection balance reported last month. Colorado Springs Utilities continues to provide regular updates to the Utilities Board and will propose adjustments as appropriate.

Gas Cost Adjustment (GCA)

On Feb. 28, 2023, City Council approved the GCA rate of \$0.3268 per Ccf effective March 1, 2023. As of April 30, 2023, the GCA over collection balance was \$20.9 million. The balance changed by \$2.1 million from the \$18.8 million over collection balance reported last month. Colorado Springs Utilities continues to provide regular updates to the Utilities Board and will propose adjustments as appropriate.



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Water Outlook

Katie Garrett, EIT

Water Resources Engineer, Water Conveyance

May 1, 2023

Local Weather Conditions as of April 30, 2023

Precipitation (Inches of Moisture)

- April 2023 – 1.45 in. (100% of normal)
- 2023 YTD Total – 2.41 in. (85% of normal)

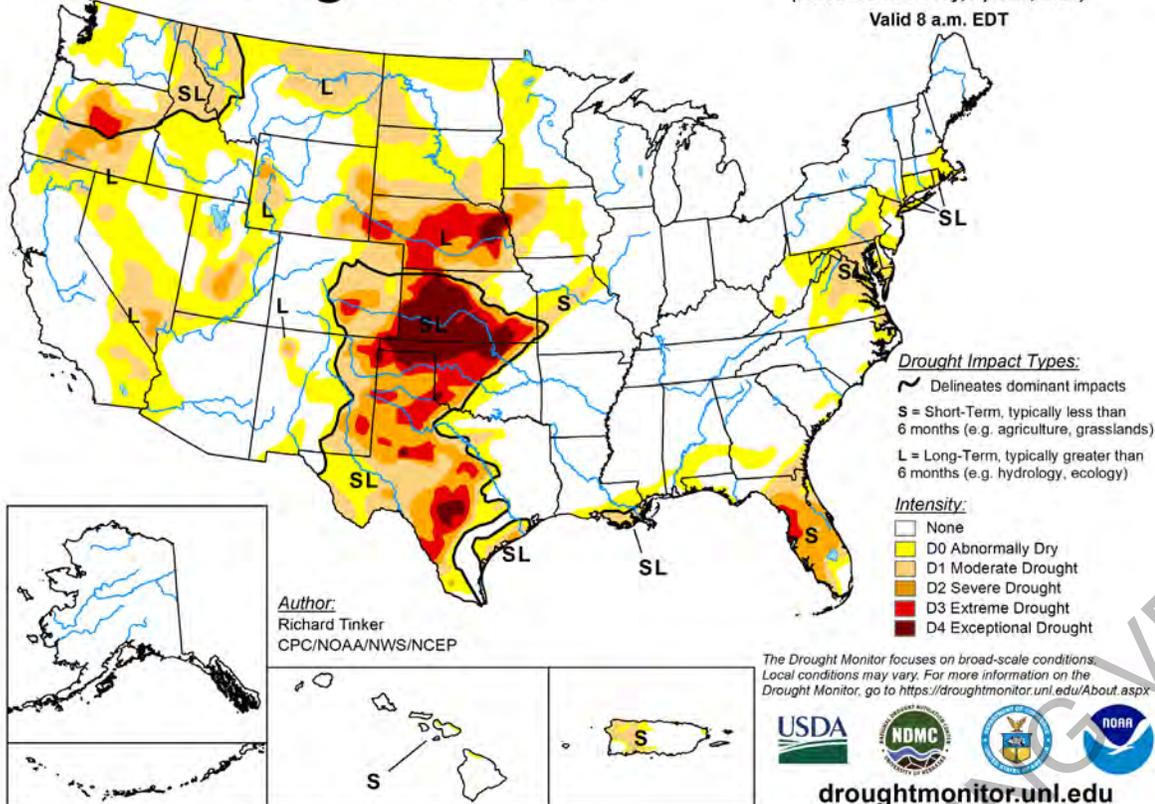
Average Temperature (Degrees F)

- April 2023 – 46.5 Deg. (1.1 deg. below normal)
- 2023 YTD Average – 37.4 Deg. (1.1 deg. below normal)



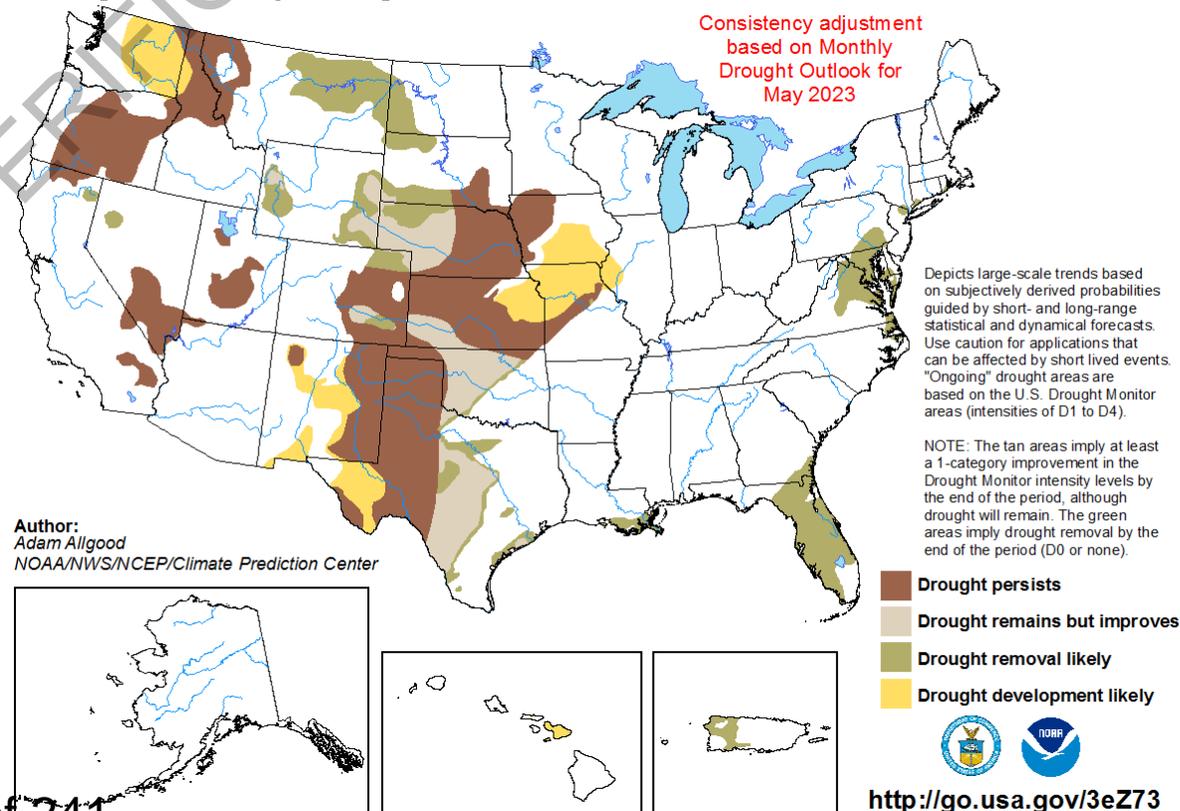
U.S. Drought Monitor

April 25, 2023
 (Released Thursday, Apr. 27, 2023)
 Valid 8 a.m. EDT



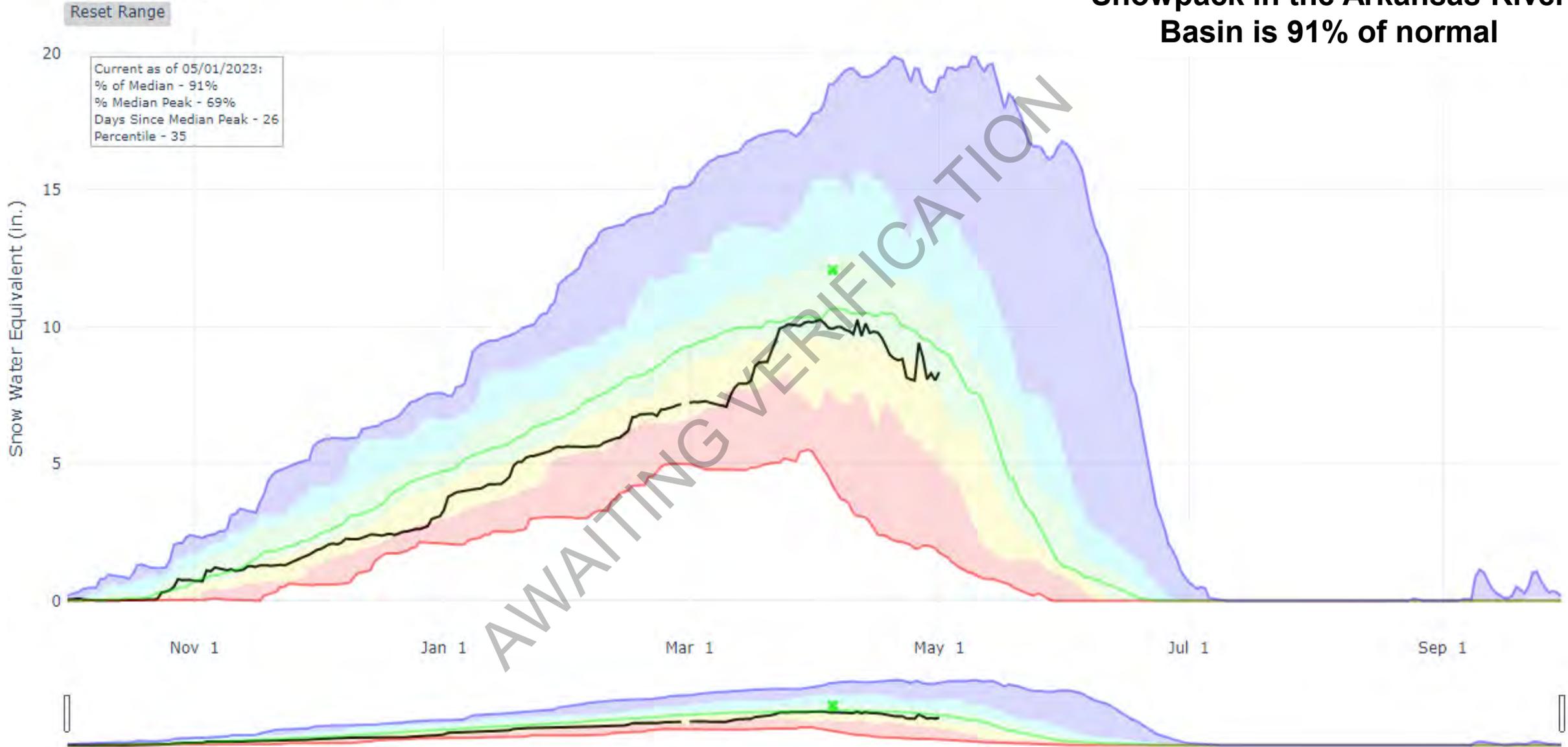
U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for May 1 - July 31, 2023
 Released April 30, 2023



SNOW WATER EQUIVALENT IN ARKANSAS

Snowpack in the Arkansas River Basin is 91% of normal

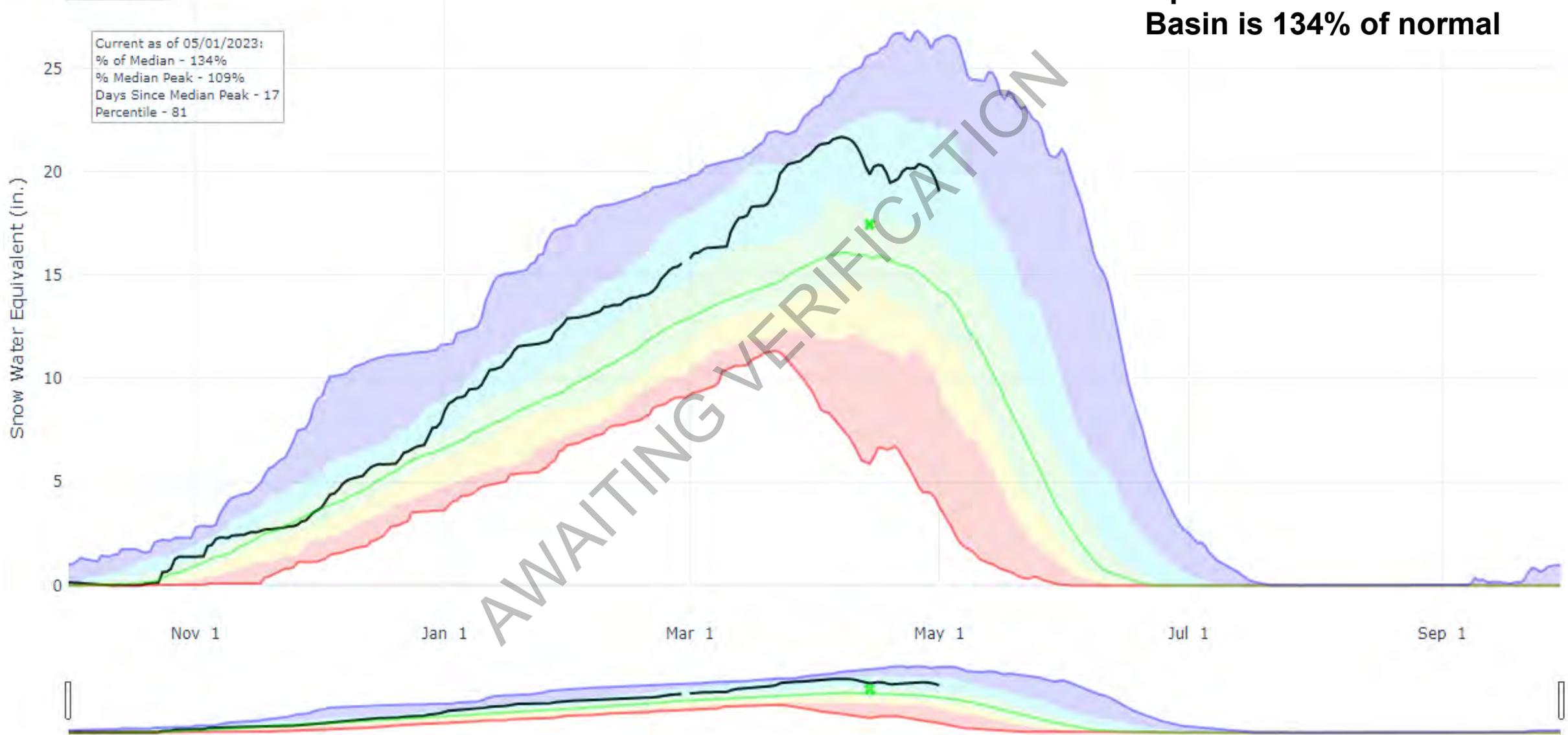


SNOW WATER EQUIVALENT IN COLORADO HEADWATERS

Reset Range

Current as of 05/01/2023:
% of Median - 134%
% Median Peak - 109%
Days Since Median Peak - 17
Percentile - 81

Snowpack in the Colorado River Basin is 134% of normal

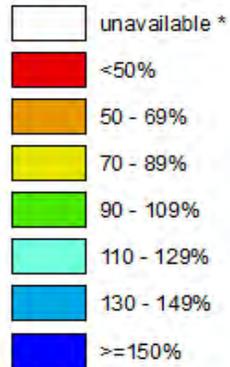


Colorado
SNOTEL Current Snow Water Equivalent (SWE) % of Normal

Apr 28, 2023

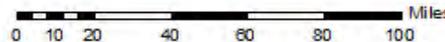
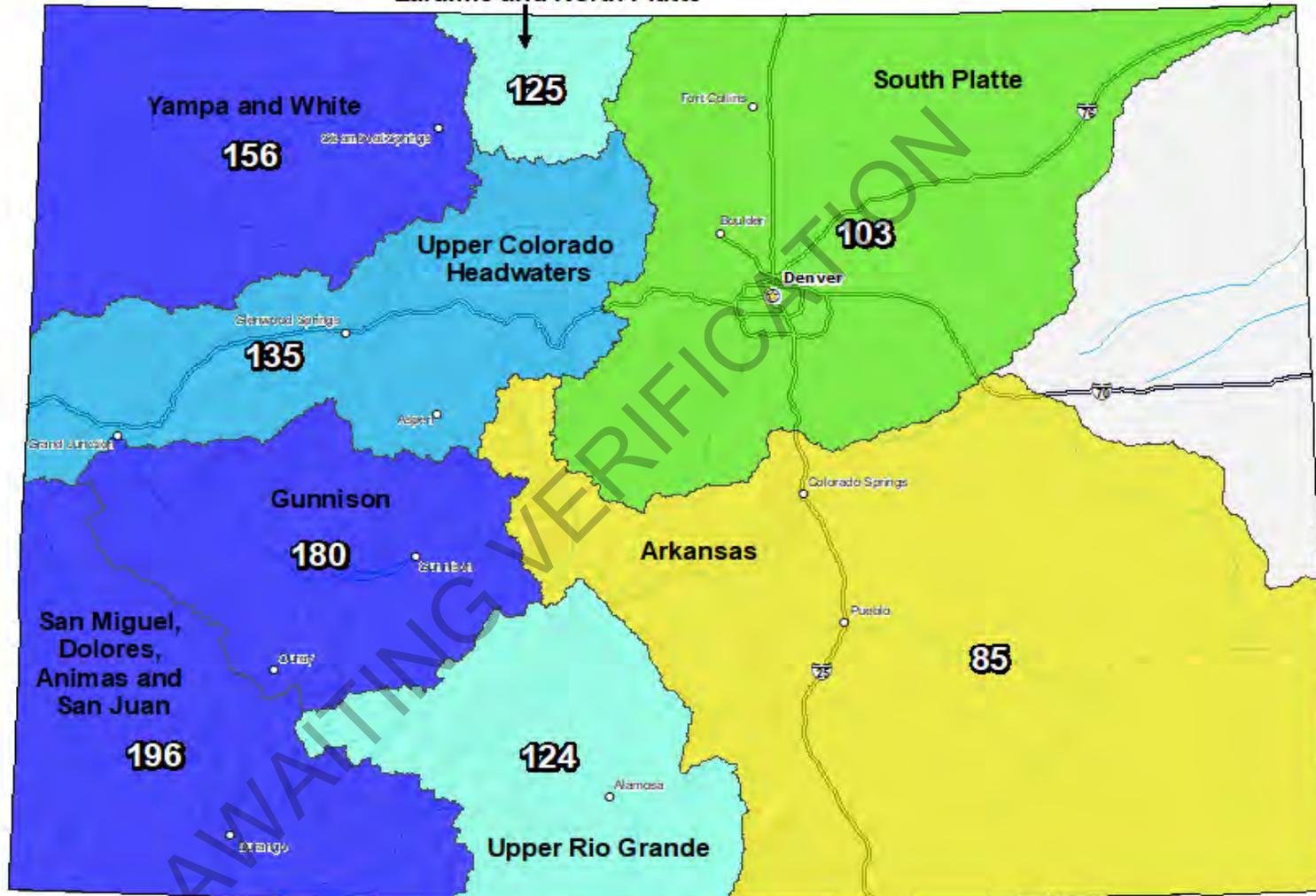
Laramie and North Platte

Current Snow Water Equivalent (SWE) Basin-wide Percent of 1991-2020 Median



** Data unavailable at time of posting or measurement is not representative at this time of year*

*Provisional Data
 Subject to Revision*

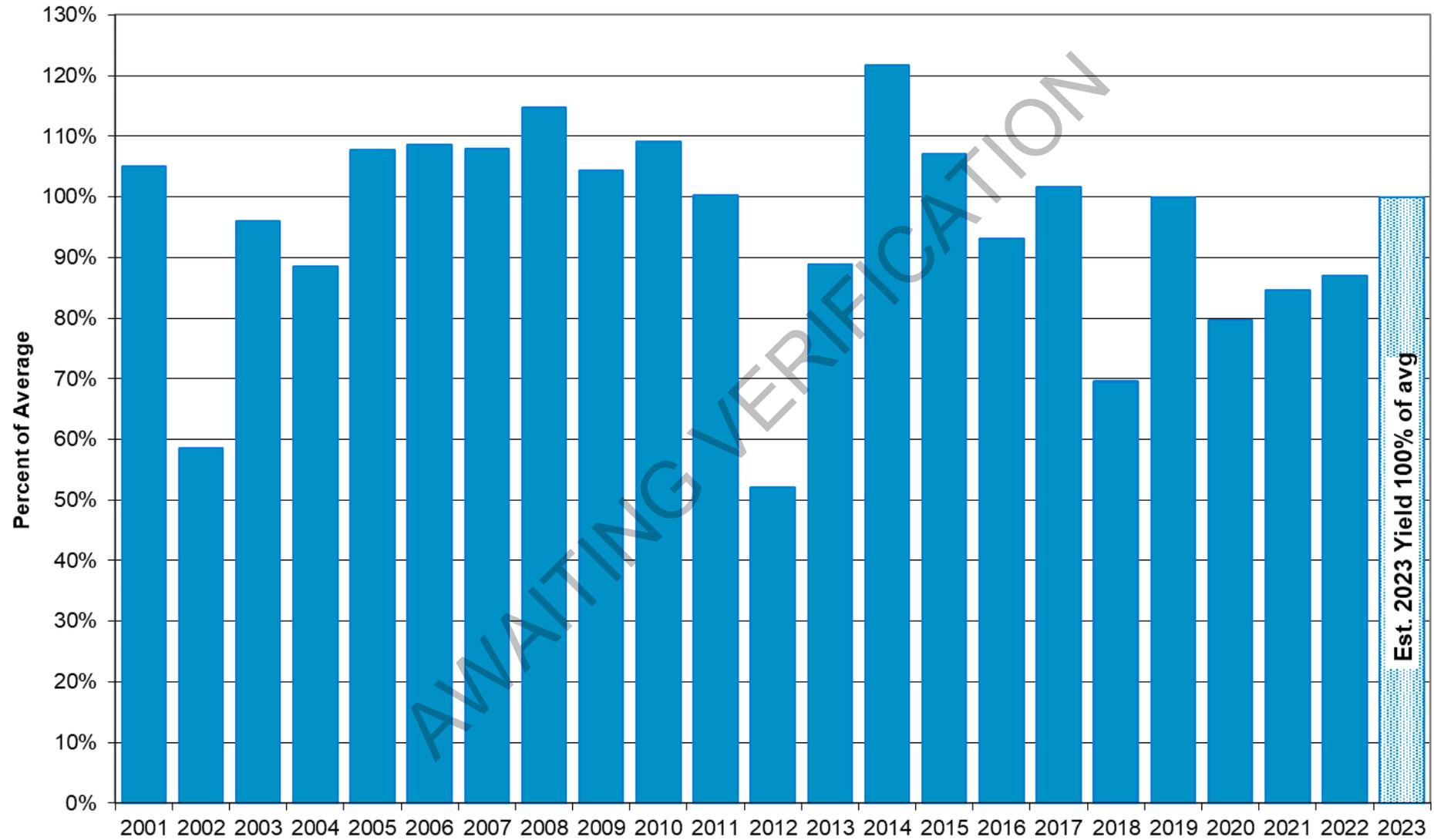


The snow water equivalent percent of normal represents the current snow water equivalent found at selected SNOTEL sites in or near the basin compared to the average value for those sites on this day. Data based on the first reading of the day (typically 00:00).

Prepared by:
 USDA/NRCS National Water and Climate Center
 Portland, Oregon
<https://www.nrcs.usda.gov/wps/portal/wcc/home/>

Colorado Springs Water Yields 2001 - 2023

Percent of Average Yield



2023 Demands

April

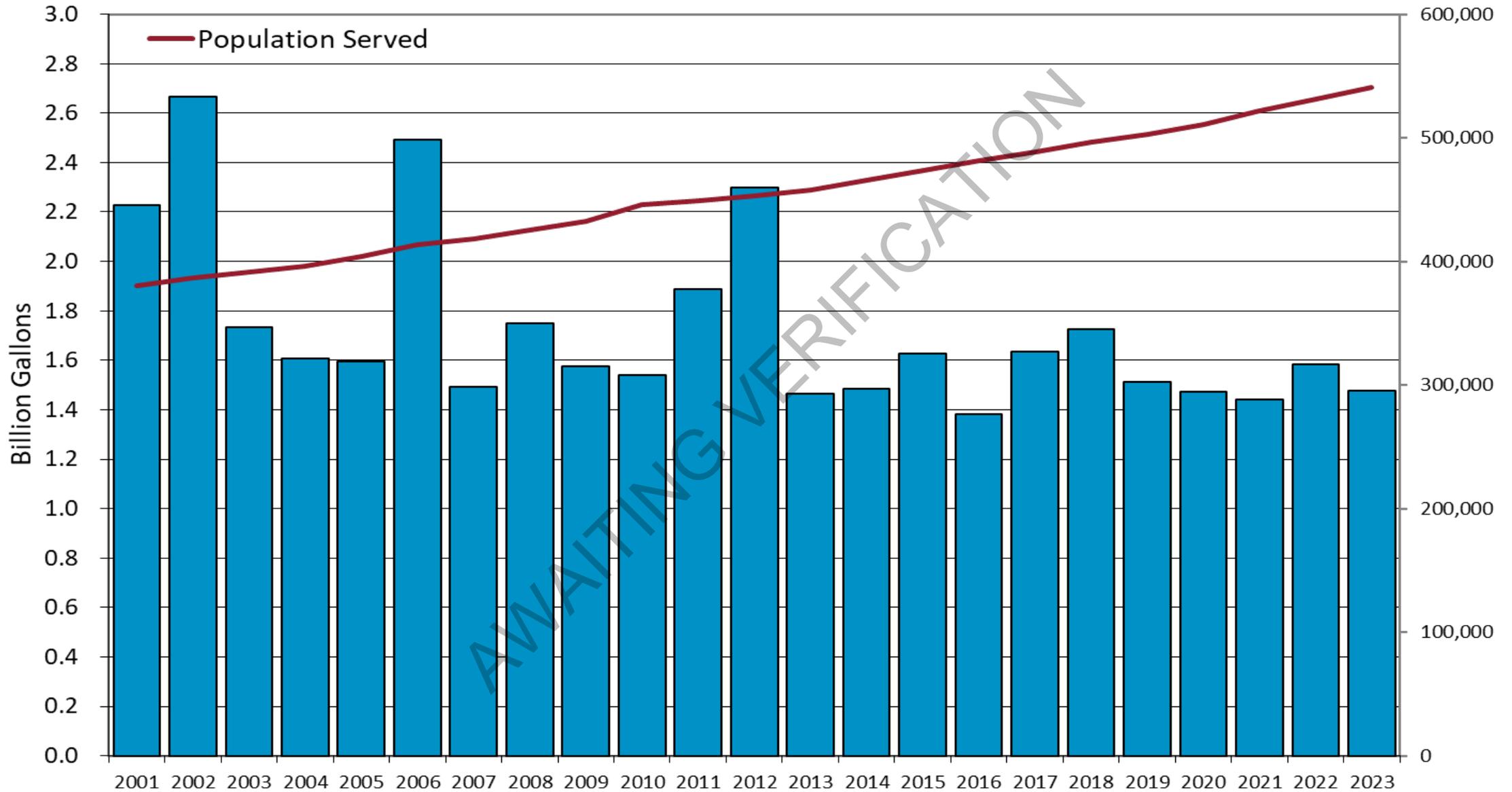
- Averaged 49.3 MGD
- 6.7% less than April 2022
 - This includes delivery to FVA partners during scheduled outage (ended April 22nd)

2023 Year to Date

- Averaging 44.6 MGD, 5.3 BG total
 - 1.9% more than 2022
 - 0.01 Billion Gallons more than 2022



Monthly Water Use for April



Reservoir Levels

April 30, 2023

- Pikes Peak 60 %
 - 91-20 Avg. 67 %
- Rampart 90 %
 - 91-20 Avg. 89 %
- Local Total 78 %
 - 91-20 Avg. 80 %
- System Total 71 %
 - 91-20 Avg. 72 %



Colorado Springs' System Wide Storage:

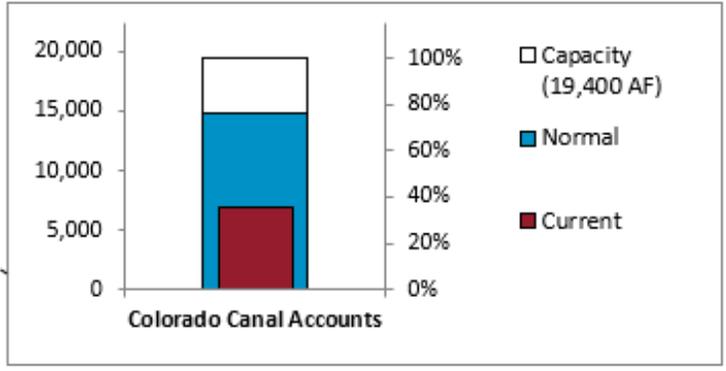
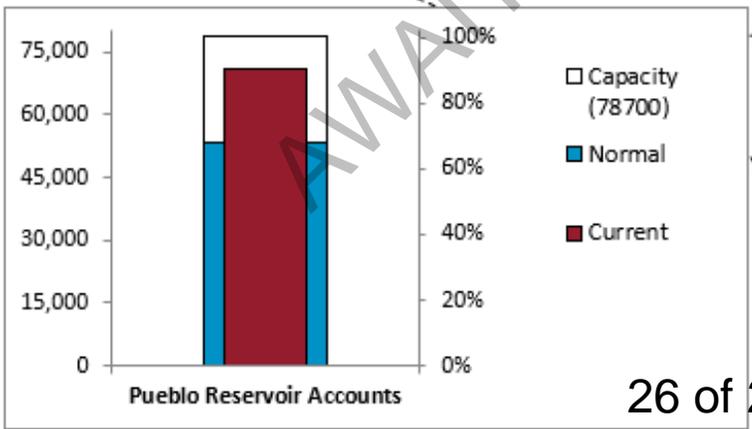
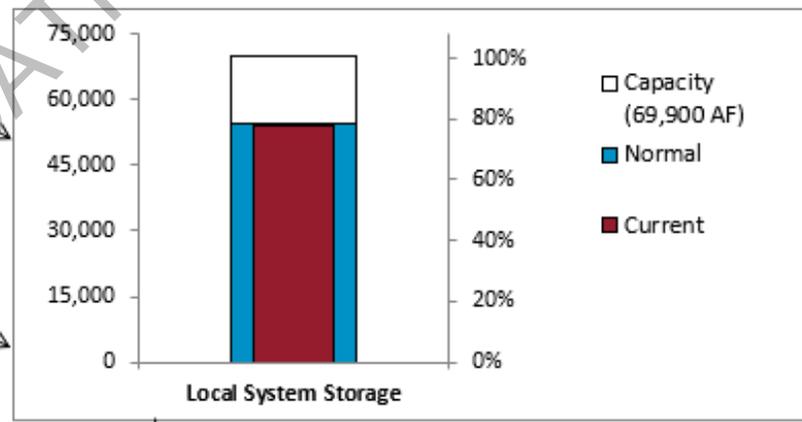
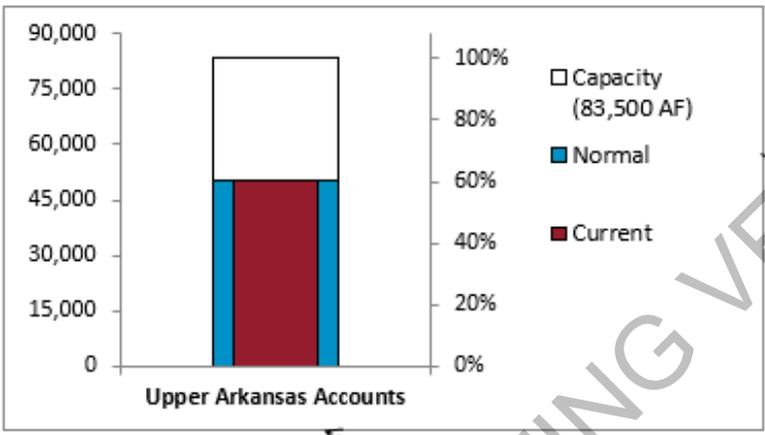
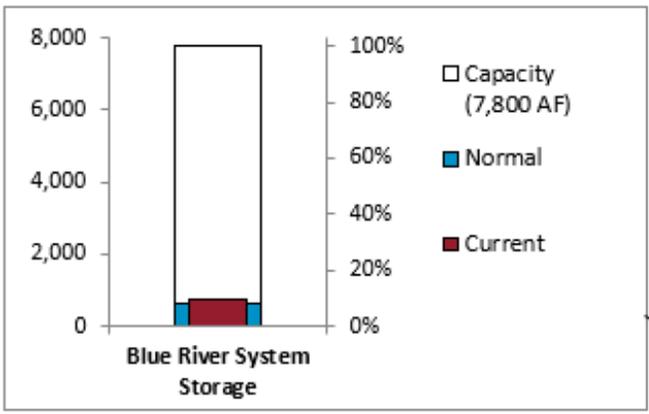
April 30, 2023 183,200 af

70.7 %

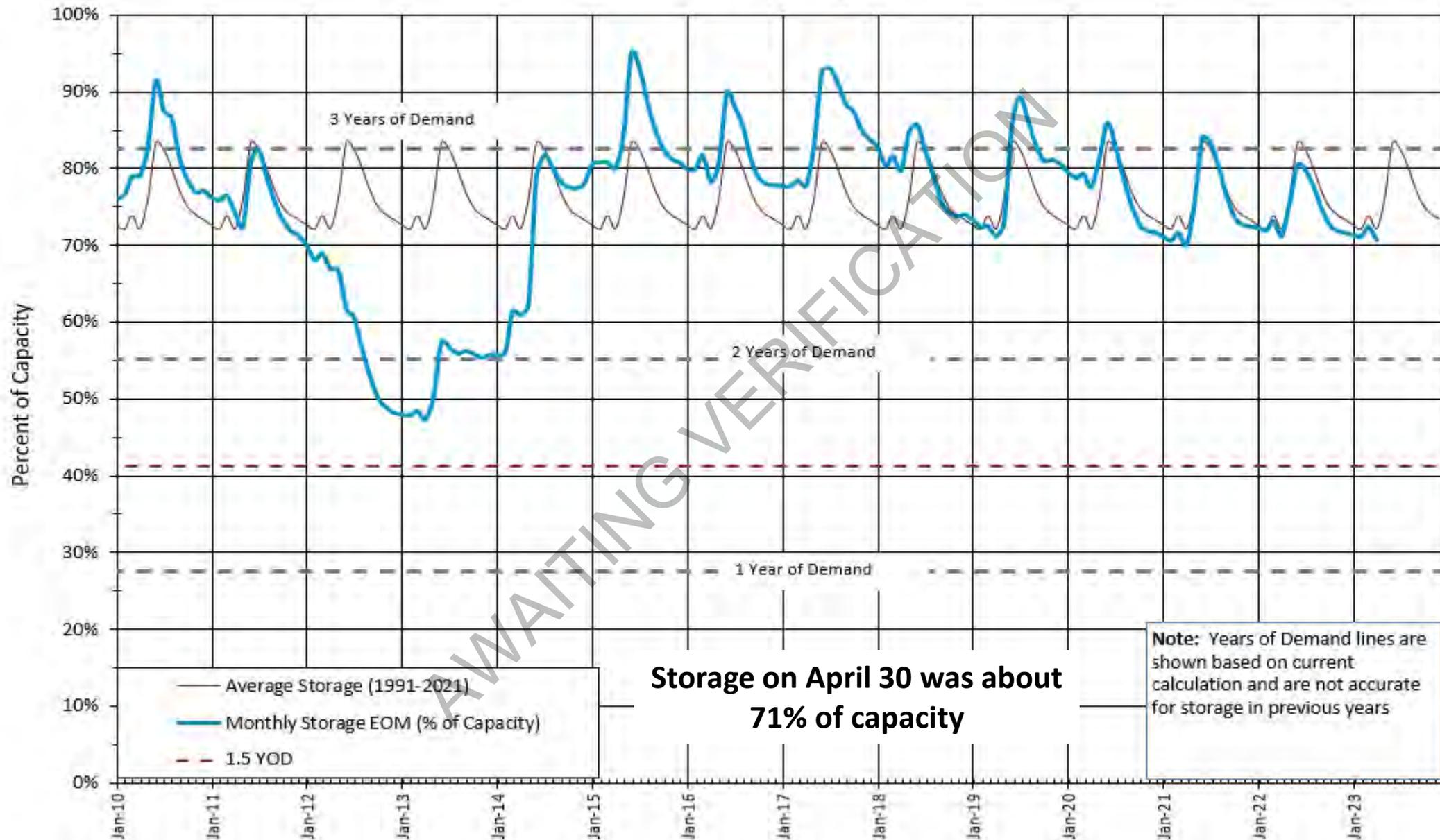
2001-2022 avg 173,200 af

66.8 %

Average YTD Demand 44.5 MGD



Monthly Storage Percent of Capacity



Water Outlook

- Situation Outlook Summary
 - System-wide storage is at 71% of capacity, slightly below our long-term average
 - About 2.6 years of demand in storage, based on the past 3 years of demand
 - Have 264 days of demand in local storage
- Three-month outlook predicts
 - Higher chances for above-average temperatures across much of southern Colorado
 - Equal chances of below-average and above-average precipitation across all of Colorado
- We continue to monitor snowpack, demand and storage to maximize available water supply



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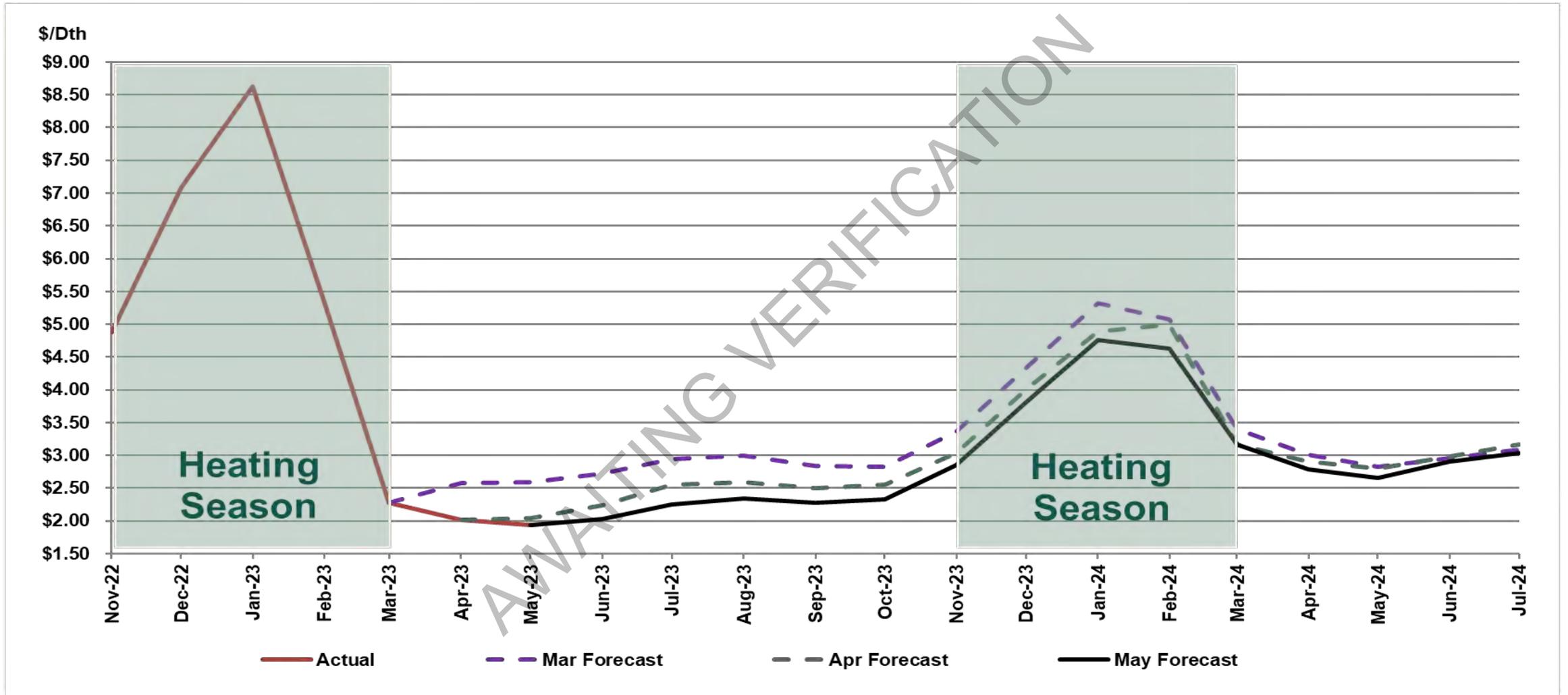
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Electric Cost Adjustment Gas Cost Adjustment

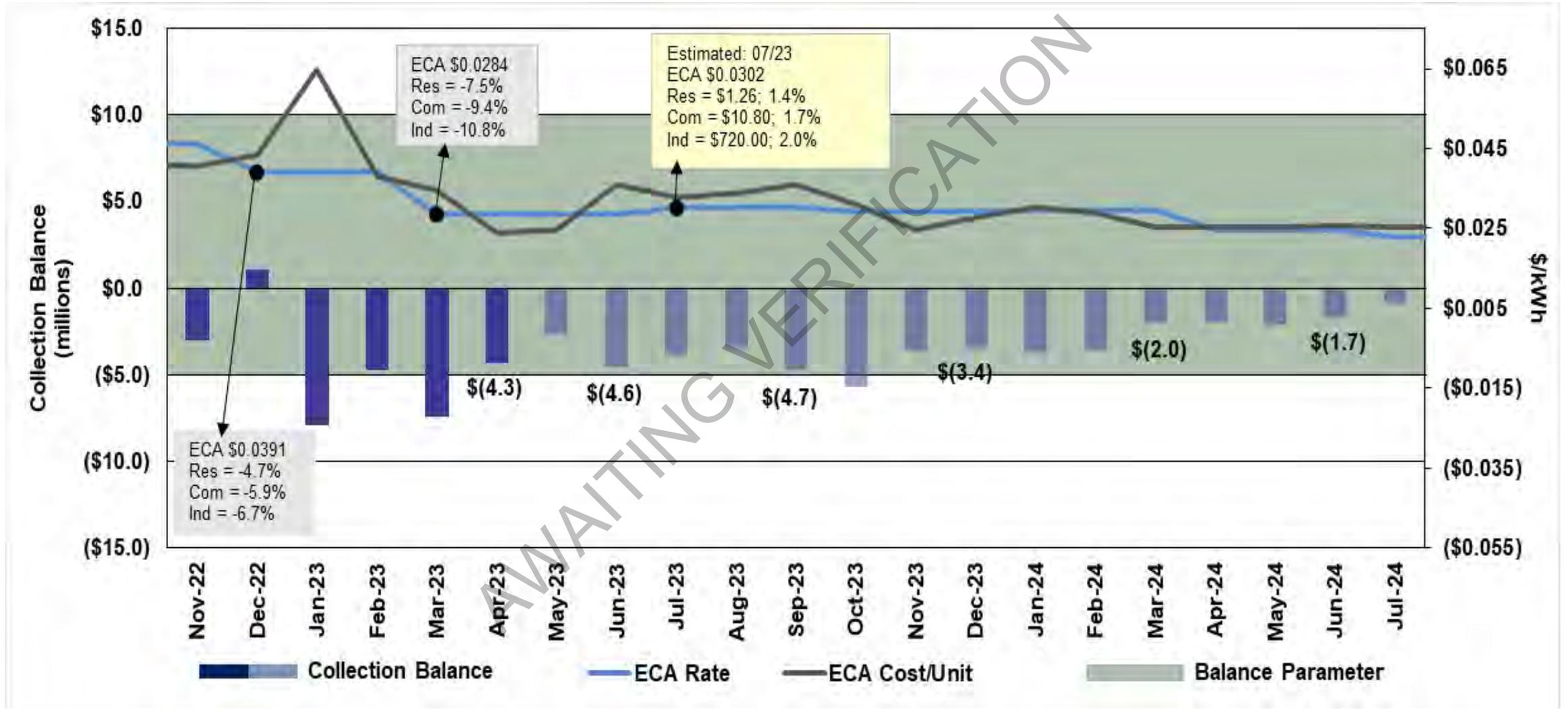
Scott Shirola, Pricing and Rates Manager

May 17, 2023

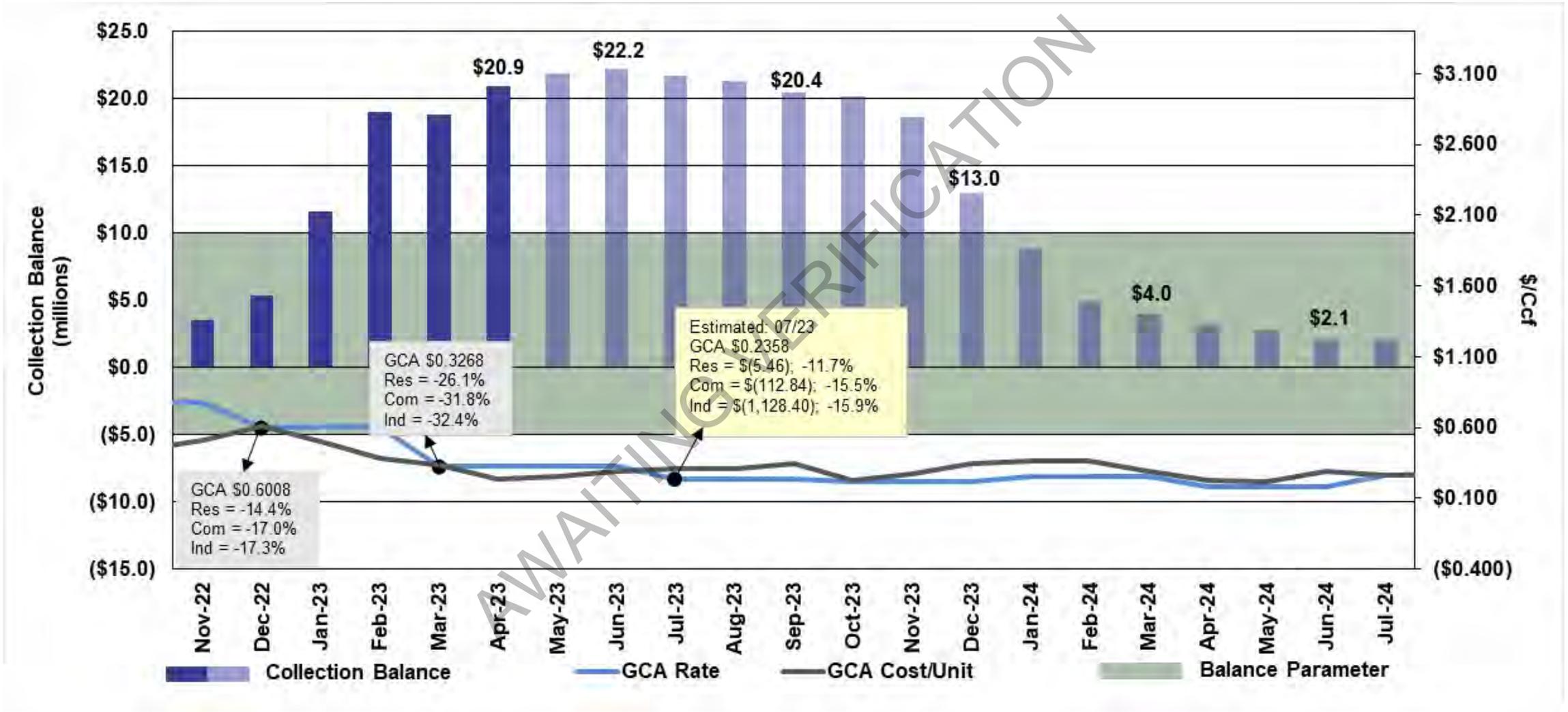
Natural Gas Prices as of May 1, 2023



ECA Projections May 2023



GCA Projections May 2023





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AWAITING VERIFICATION

Board Memo Agenda Item

Staff Report

Date: May 17, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Water Service Extension Ordinance & Annexations

NARRATIVE:

Desired Action: Discussion

Executive Summary:

- The City of Colorado Springs accepted eight (8) annexation petitions.
- If approved by City Council, annexations would result in the extension of Springs Utilities water service boundary.
- Extending water service into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council (City Code 12.4.305.A.).
- Seven (7) meet the de minimis impact to City's water supply exception.
- The eighth petition meets the 128% of existing usage plus projected demand and 25% contiguity exception.
- There has been no previous Utilities Board action for these properties.

Benefits: Approval of annexations would support economic development in the City and potentially generate utility revenue for Springs Utilities.

Board Policy: Excellence in Governance Policy Manual, I-7

Cost/Budget: Costs are expected to be null or de minimis for seven (7) of the annexations. Estimated Springs Utilities' capital costs for the eighth are \$7.0M - \$7.8M.

Affected Parties: Annexation property owners and developers, City of Colorado Springs Public Works, El Paso County, citizens of the City and El Paso County, and rate payers.

Alternatives: Recommend approval or denial of extension of water service boundary.

Submitter: Bryan English	Email address: benglish@csu.org
Division/ Department: System Planning and Projects (SPP), Customer Utilities Connections	Phone number: 719-668-8119
	Date submitted: April 27, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	ITEM NO. 7
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Colorado Springs Utilities
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Water Service Extension Ordinance & Annexations

May 17, 2023, Utilities Board Meeting

Bryan English, PMP, Development Projects Manager

Customer Utilities Connections

Renee Congdon, Utilities Division Chief

City Attorney's Office

Agenda

1. Water Service Extension Ordinance
2. Villages at Waterview North
3. T5 Addition No. 1
4. City Rights-of-Way
5. Hope Chapel Addition Nos. 1 and 2
6. Questions

Water Service Extension Ordinance

- Ordinance No. 23-03 passed February 14, 2023
 - Codified as City Code section 12.4.305
- Requires Utilities Board to recommend and City Council approval to extend water service boundary
- Does not apply to in-City development or areas already receiving City water service
- Approval must be based on substantiated and written record demonstrating one of the following:

Criteria for Extension per Ordinance

- B. 1. 128% of existing water usage* plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous
- OR -
2. A unique and extraordinary event or circumstance necessitates an extension of water services to serve critical interests of the City; or
- OR -
3. The area is an enclave, or
- The area is owned or leased by the City, or
- The extension will have a de minimis impact on the overall City's available water supply.

**Calculated using a five (5) year rolling average of unrestricted weather normalized usage data*

Utilities Application of Ordinance Language

B. 1. The City's available water supply is sufficient to meet at least 128% of existing usage (calculated using a five (5) year rolling average of weather normalized unrestricted usage data)...

Current Reliably Met Demand (RMD) and Existing Usage		
Category	Acre-feet/year	When updated
Reliably Met Demand	95,000	As needed per RMD Update Policy
Existing Usage *	71,200	Yearly as part if IWRP Update

*5-year rolling average of weather normalized unrestricted water usage (2018 – 2022)

Minimum Water Supply Requirement (MWSR)		
Existing Usage/year	Percentage	MWSR
71,200 AF/year	x 128%	= 91,136 AF/year

Available Water Surplus (AWS)		
RMD (AF/year)	MWSR (AF/year)	AWS (AF/year)
95,000	- 91,136	= 3,864

Utilities Application of Ordinance Language

B.3. ...or extension of water service to the area will have a de minimis impact on the overall city's available water supply.

De Minimis Policy

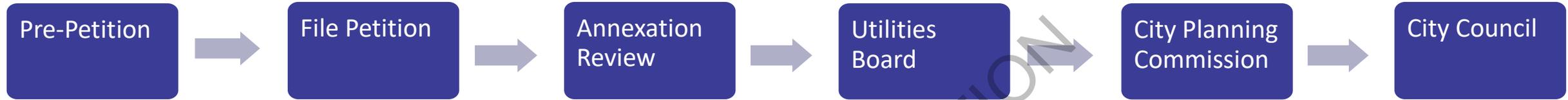
1% of AWS (3,864 AFY x 1% = 39 AFY)

< 39-acre feet/year of water demand when developed

De minimis is something that is very trifling or of little importance. Usually refers to something so small, whether in dollar terms, importance, or severity, that the law will not consider it.

- Intent is to allow for water service to be extended in circumstances that have minimal impact on our water system.
- Will be updated annually based on AWS along with usage data.
- De minimis water demands will be included in running total of approved annexation potential water demand.

Utilities Board Annexation Process Overview



Utilities Staff Will Present:

- Four-Service Utilities Considerations Including:
 - Existing Capacity
 - Resource Requirements
 - Financial Considerations
- Compliance with Water Extension Ordinance
 - Substantiation of Applicable Exception
 - Available Water Supply
 - Potential Water Demands of Annexations approved since March 2023

Utilities Board Will:

- Determine whether to recommend extension of the water service boundary



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Villages at Waterview North Annexation

AWAITING VERIFICATION

Property Description

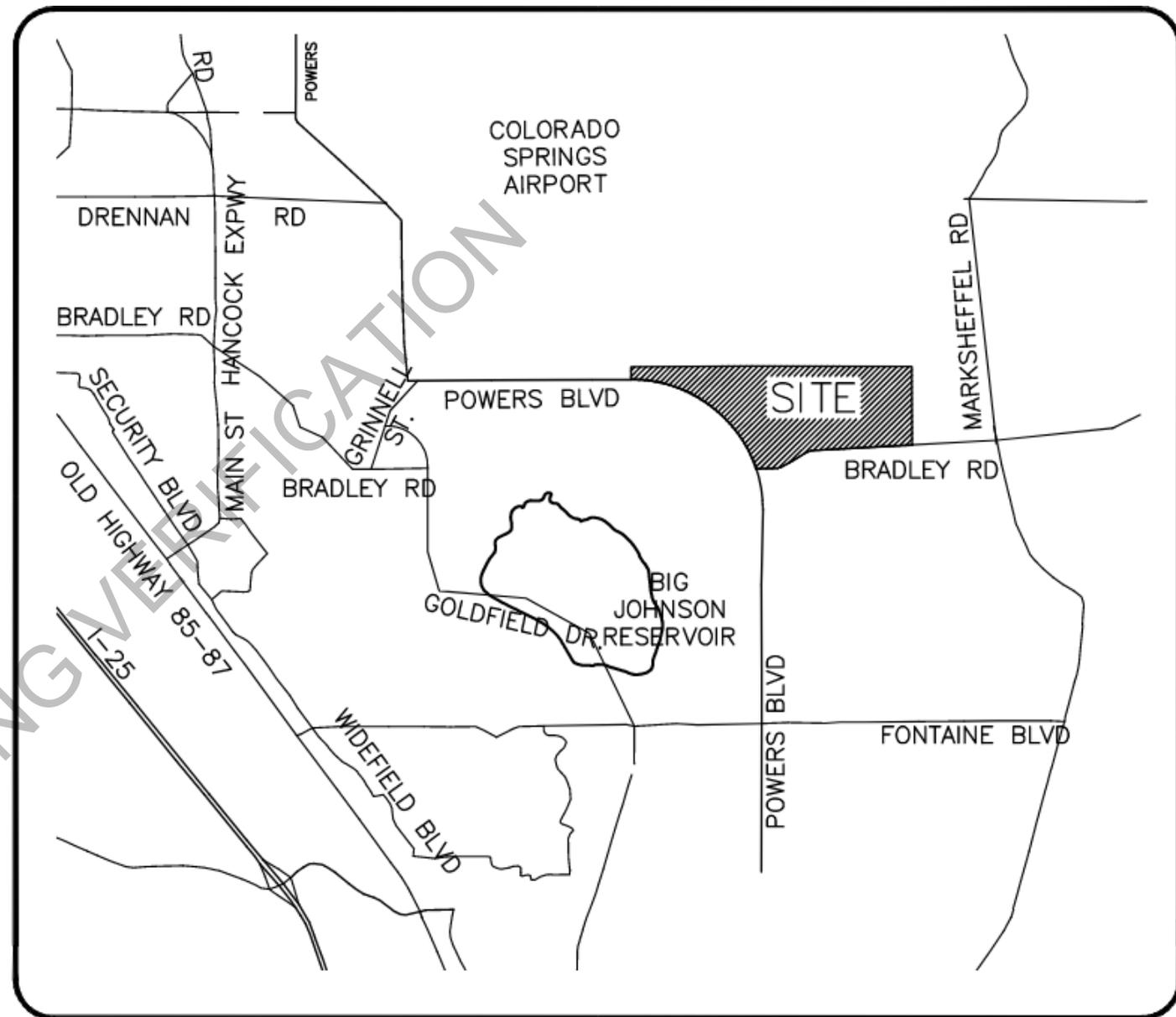
Located at NE corner of Powers Blvd and Bradley Rd

Entire northern property boundary is contiguous with Colorado Springs Airport

Total proposed annexation area is 144.821 acres

Comprised of real property owned by multiple individuals and entities totaling 116.53 acres and portions of Powers Blvd and Bradley Rd rights-of-way totaling 28.291 acres

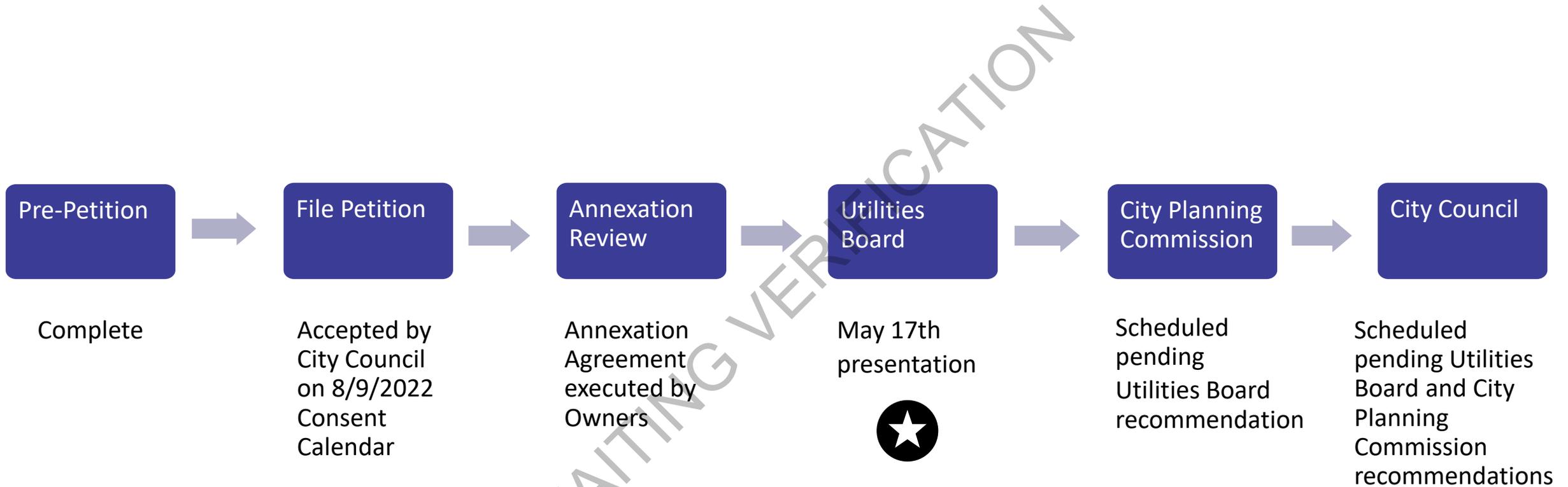
Not located in an enclave of City as defined by State law



Proposed Development

- Owners/applicants have submitted Master and Concept Plans and zone changes to City Planning for review and approval
- Mix of residential, commercial and open space neighborhood development
- Veterans Victory project part of property/development
 - 15-acre site
 - Attainable housing, employment and services for veterans

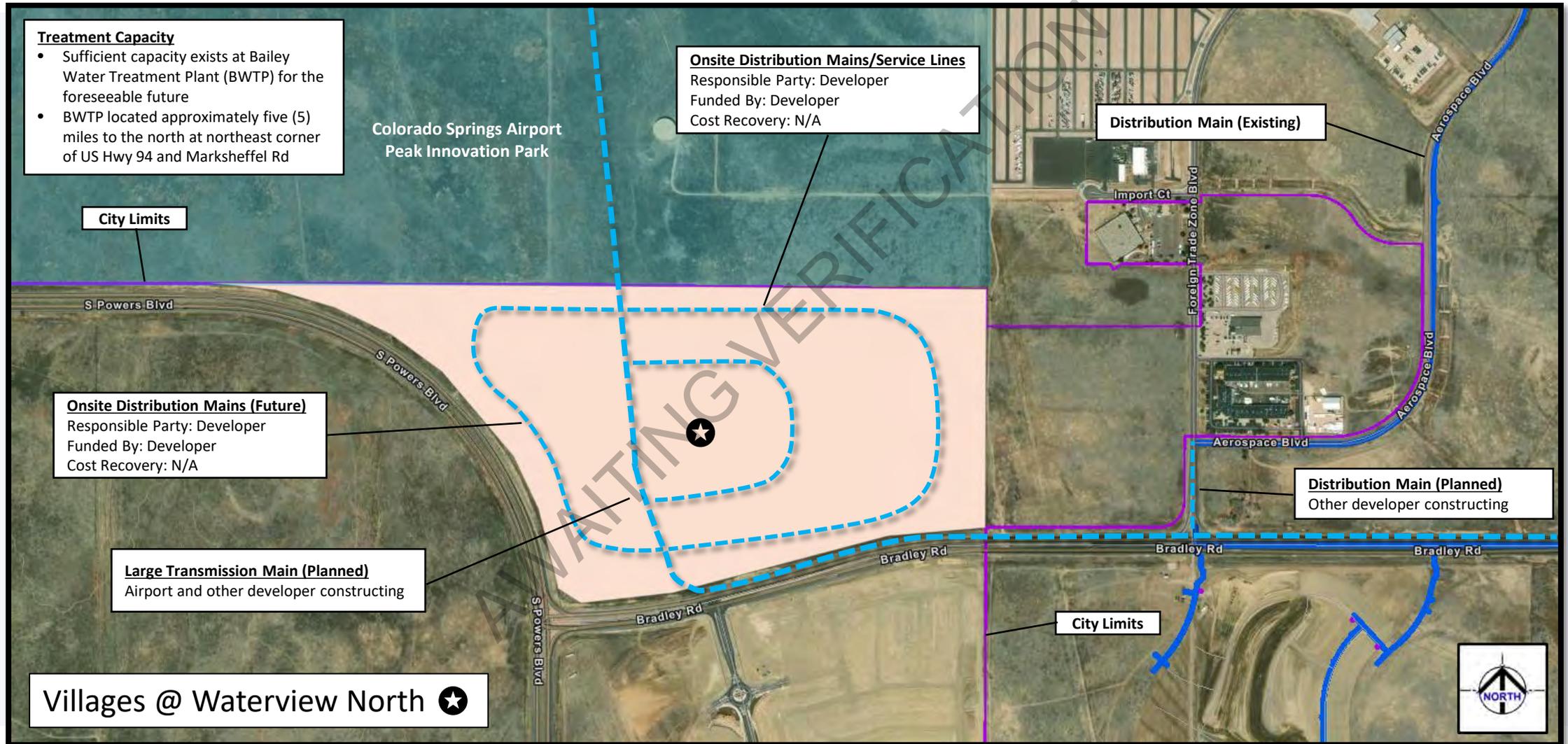
Annexation Petition Status



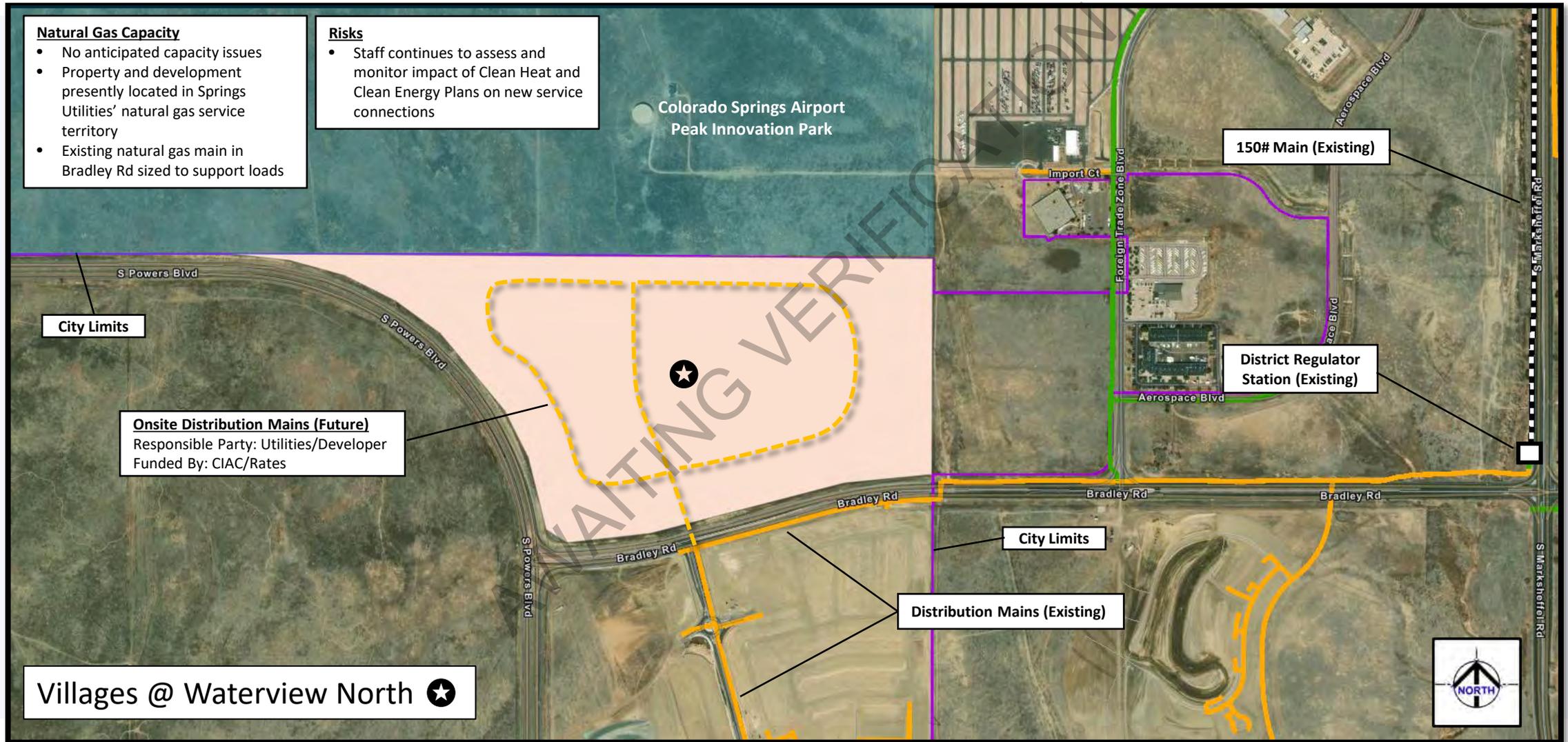
Annexation Agreement

- Standard form agreement with no substantive changes
 - ✓ Southeastern Colorado Water Conservancy District inclusion in process
 - ✓ Deed all groundwater rights to City of Colorado Springs
 - ✓ Typical Springs Utilities' four-service extension policies apply
 - ✓ No Springs Utilities' four-service capacity issues anticipated
 - ✓ Executed by Annexors

Four-Service Perspective | Water



Four-Service Perspective | Natural Gas



Natural Gas Capacity

- No anticipated capacity issues
- Property and development presently located in Springs Utilities' natural gas service territory
- Existing natural gas main in Bradley Rd sized to support loads

Risks

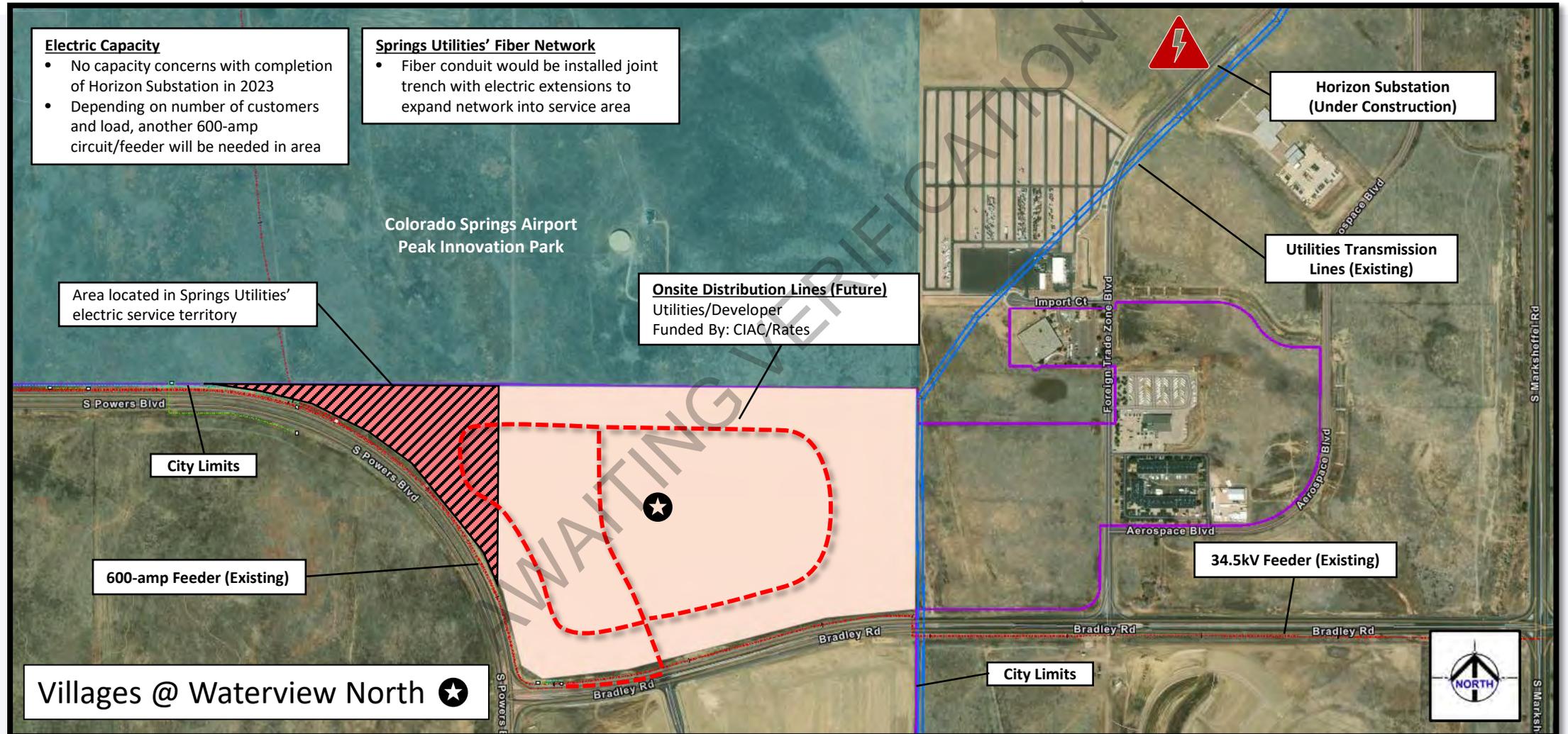
- Staff continues to assess and monitor impact of Clean Heat and Clean Energy Plans on new service connections

City Limits

Onsite Distribution Mains (Future)
 Responsible Party: Utilities/Developer
 Funded By: CIAC/Rates

Villages @ Waterview North ★

Four-Service Perspective | Electric/Fiber



Springs Utilities Capital Cost for Capacity

Villages at Waterview North

	Electric	Estimated Cost¹	Cost Recovery Mechanism
Resource	Facilities (Substation)	\$1.1M	Rates
		\$1.3M - \$1.9M	Rates
	Natural Gas²		
	Facilities (Propane Air Plant)	\$294K - \$441K	Rates
	Wastewater		
	Existing Facilities/Infrastructure	\$607K	Development Charges
	Water		
	Existing Facilities/Infrastructure	\$2.8M	Development Charges
	Resource	\$942K	Water Resource Fees
Total		\$7.0M - \$7.8M	
Covered by Rates		\$2.7M - \$3.4M	

¹ Estimated costs are rough order of magnitude and may vary based on external factors, including but not limited to market conditions, material costs and phasing.

² Property located inside Springs Utilities' natural gas service territory

Application of Water Extension Ordinance

- Annexation and extension of City limits would simultaneously extend Springs Utilities' water service boundary
- Estimated water supply for property and development
 - 128 acre-feet/year
- Per City Code 12.4.305.B.1
 - 128% of existing water usage plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous

Application of Water Extension Ordinance

Current Reliably Met Demand (RMD) and Existing Usage		
Category	Acre-feet/year	When updated
Reliably Met Demand	95,000	As needed per RMD Update Policy
Existing Usage *	71,200	Yearly as part of IWRP Update

*5-year rolling average of weather normalized unrestricted water usage (2018 – 2022)

Water Supply:

(Existing Usage + Proposed Demand) x 128% = < Reliably Met Demand

(71,200 AFY + 128 AFY) x 128% = 91,300 AFY

91,300 AFY < 95,000 AFY

Contiguity:

40% > 25%

Property owner provided surveyed exhibit demonstrating 40% contiguity with existing City limits

Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council

AWAITING VERIFICATION



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T5 Annexation

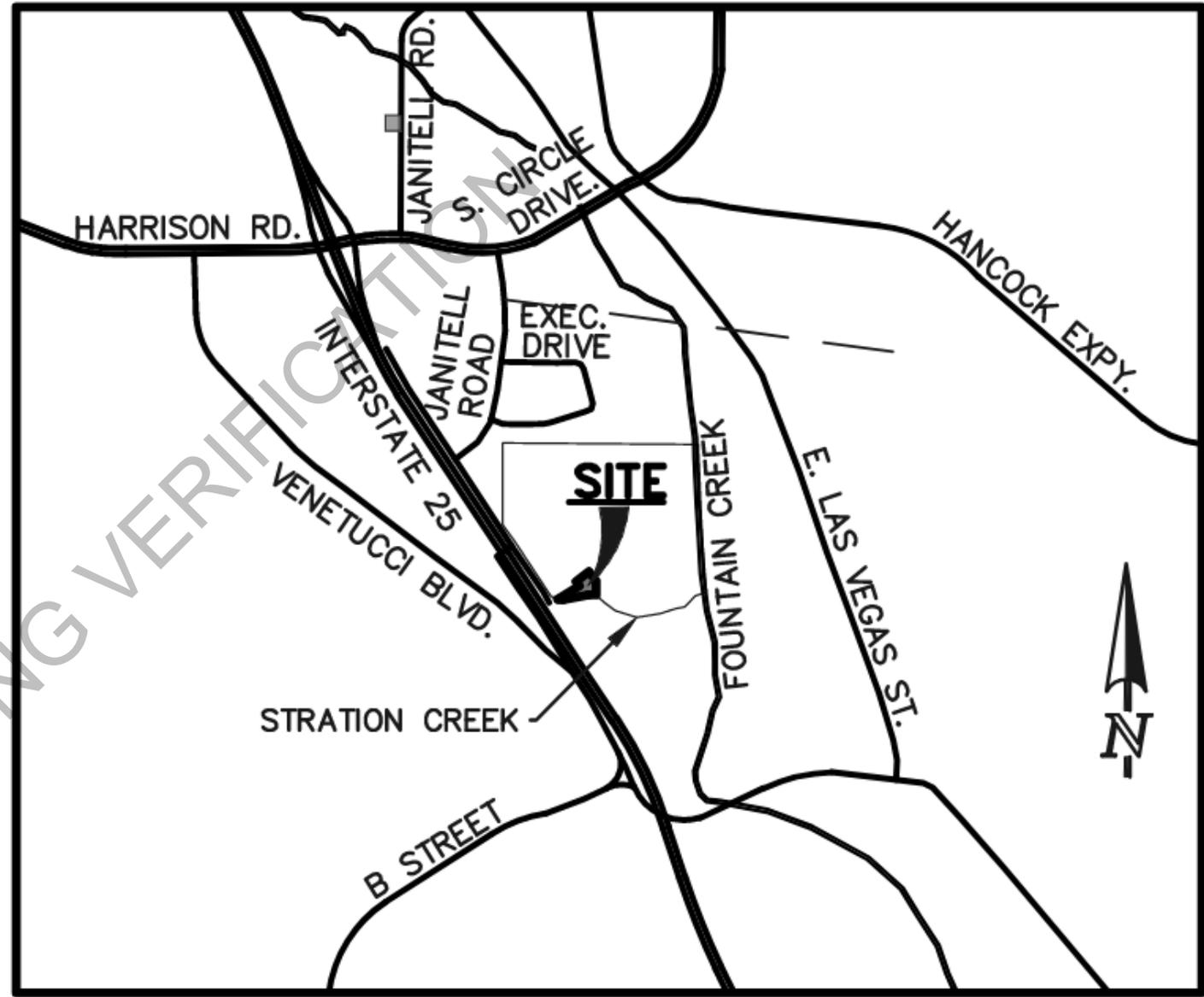
AWAITING VERIFICATION

T5 Addition No. 1

0.46-acre parcel located adjacent to Vineyard Commerce Park (VCP) SE of Circle Drive and I-25 along Janitell Road

Add area to VCP and allow proposed data center building to meet minimum setback requirements

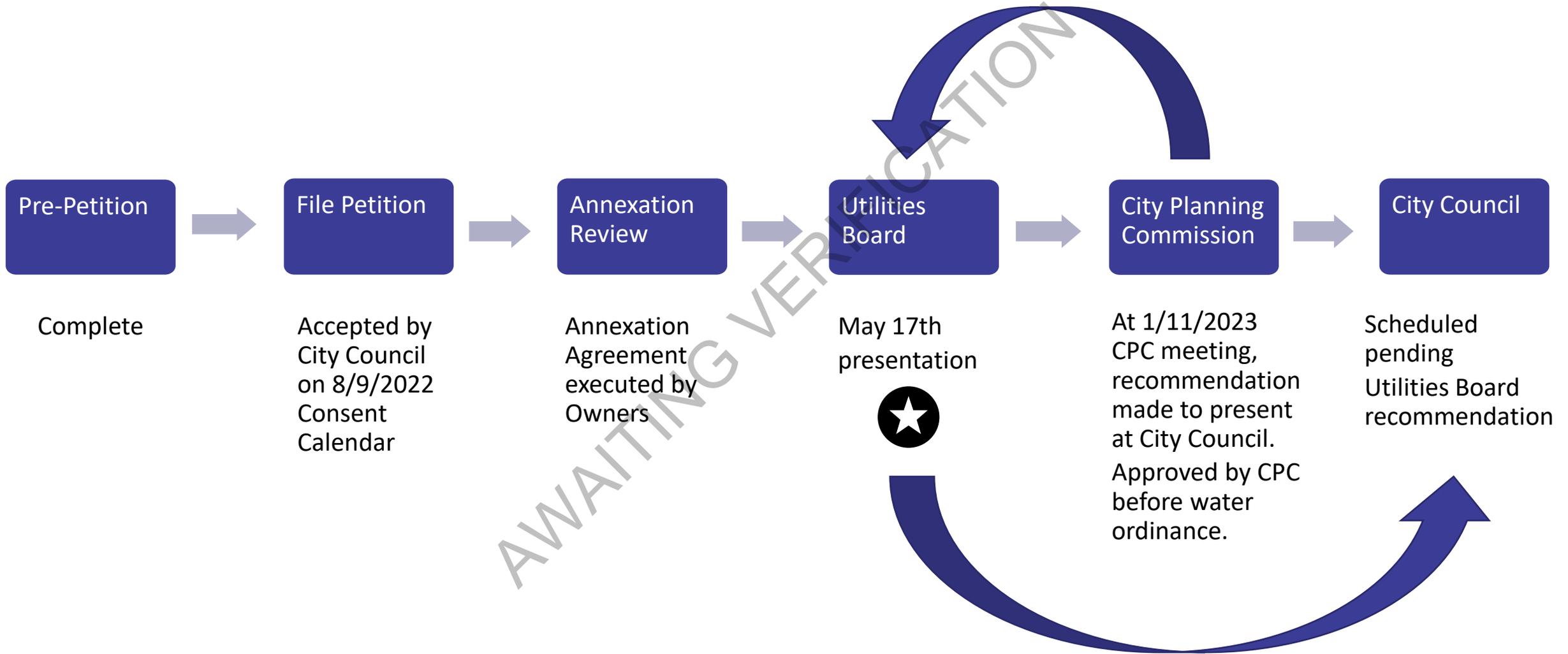
No Springs Utilities' services requested or expected



VICINITY MAP

N.T.S.

T5 Annexation Petition Status



T5 Annexation Agreement

- Standard form agreement with no changes
 - ✓ SE Colorado Water Conservancy District inclusion process completed
 - ✓ Deed all groundwater rights to City of Colorado Springs
 - ✓ Typical Springs Utilities' four-service extension policies apply
 - ✓ Executed by Annexor

AWAITING VERIFICATION

Application of Water Extension Ordinance

- Annexation and extension of City limits would simultaneously extend Springs Utilities' water service boundary
 - No water service needed for property
- Any possible future water service to the property would qualify as de minimis (< 39 acre-feet year) impact to City water supply

Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council

AWAITING VERIFICATION



Colorado Springs Utilities
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City Right-of-Way Annexations

AWAITING VERIFICATION

Capital Drive Addition No. 2

6.6301-acre annexation area located NE
of Constitution Ave and Marksheffel Rd

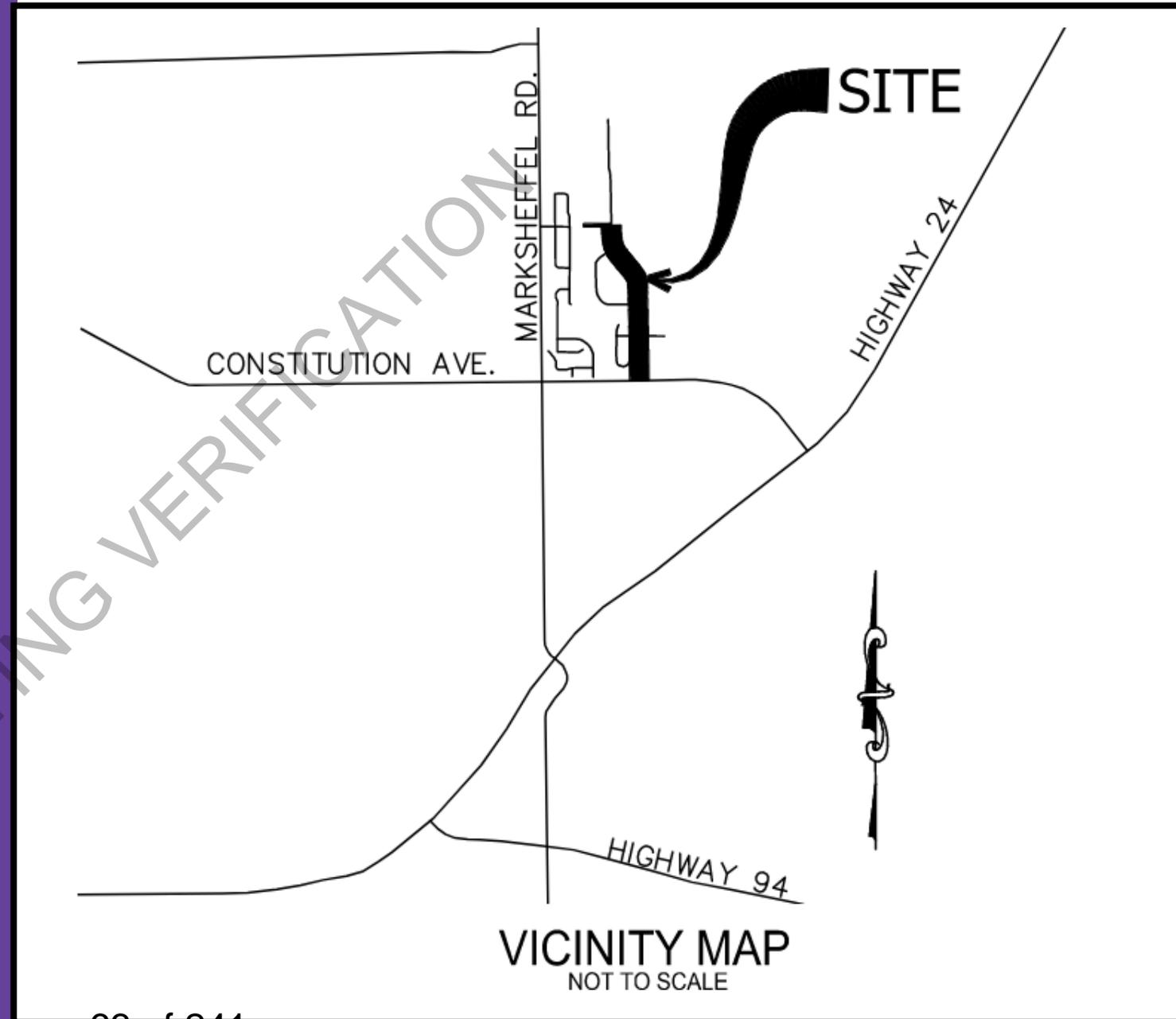
City received quit claim deed from El
Paso County (EPC) for Capital Dr and
Genoa Dr rights-of-way (ROW)

N and S end contiguous with City limits

Presently located in Springs Utilities
natural gas service territory

Existing Springs Utilities streetlights

No other utility services expected



Capital Drive Addition No. 3

1.0105-acre annexation area located NE
of Constitution Ave and Marksheffel Rd

City received quit claim deed from EPC
for Capital Dr ROW at Industry Rd
intersection

N and E sides contiguous with City limits

Presently located in Springs Utilities
electric and natural gas service territories

No existing Springs Utilities' services

No other utility services expected

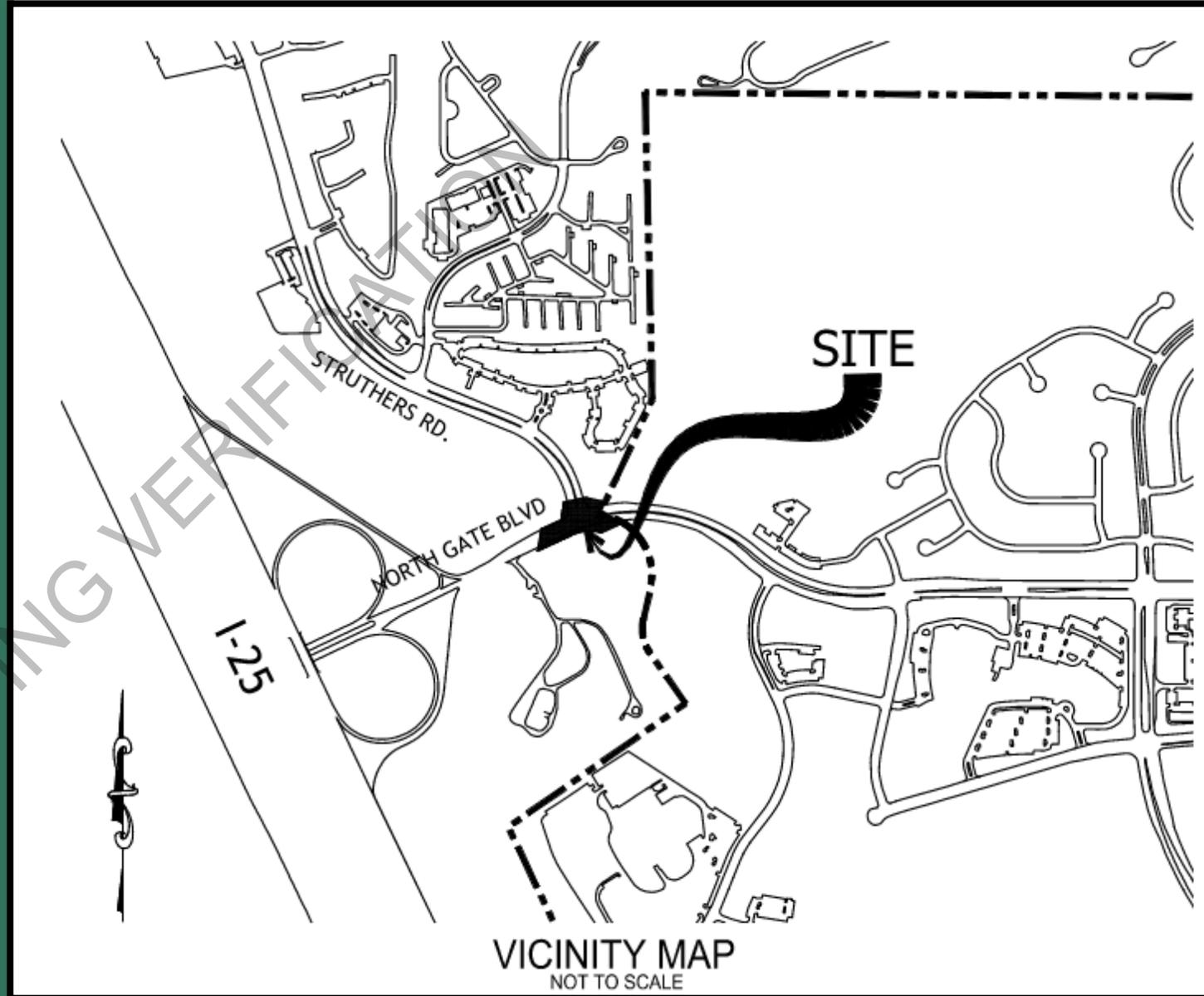


North Gate Addition Nos. 8 and 9

1.9224-acre serial annexation located at
Struthers Rd intersection E of I-25

City received quit claim deed from EPC
and is accepting North Gate Blvd ROW in
accordance with memo of understanding
with EPC related to True North Commons
Urban Renewal Plan

Presently located in Springs Utilities
natural gas service territory

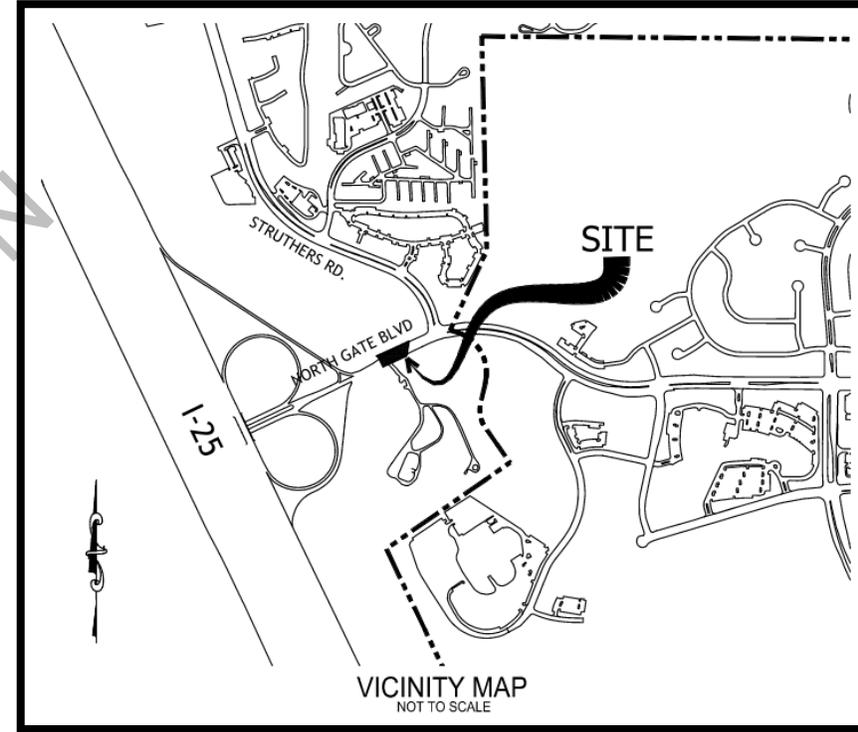


North Gate Addition Nos. 8 and 9

Existing traffic signal at Struthers Rd
intersection served by Mountain View
Electric Association

If annexed, conversion to Springs
Utilities' electric service required

No other utility services expected



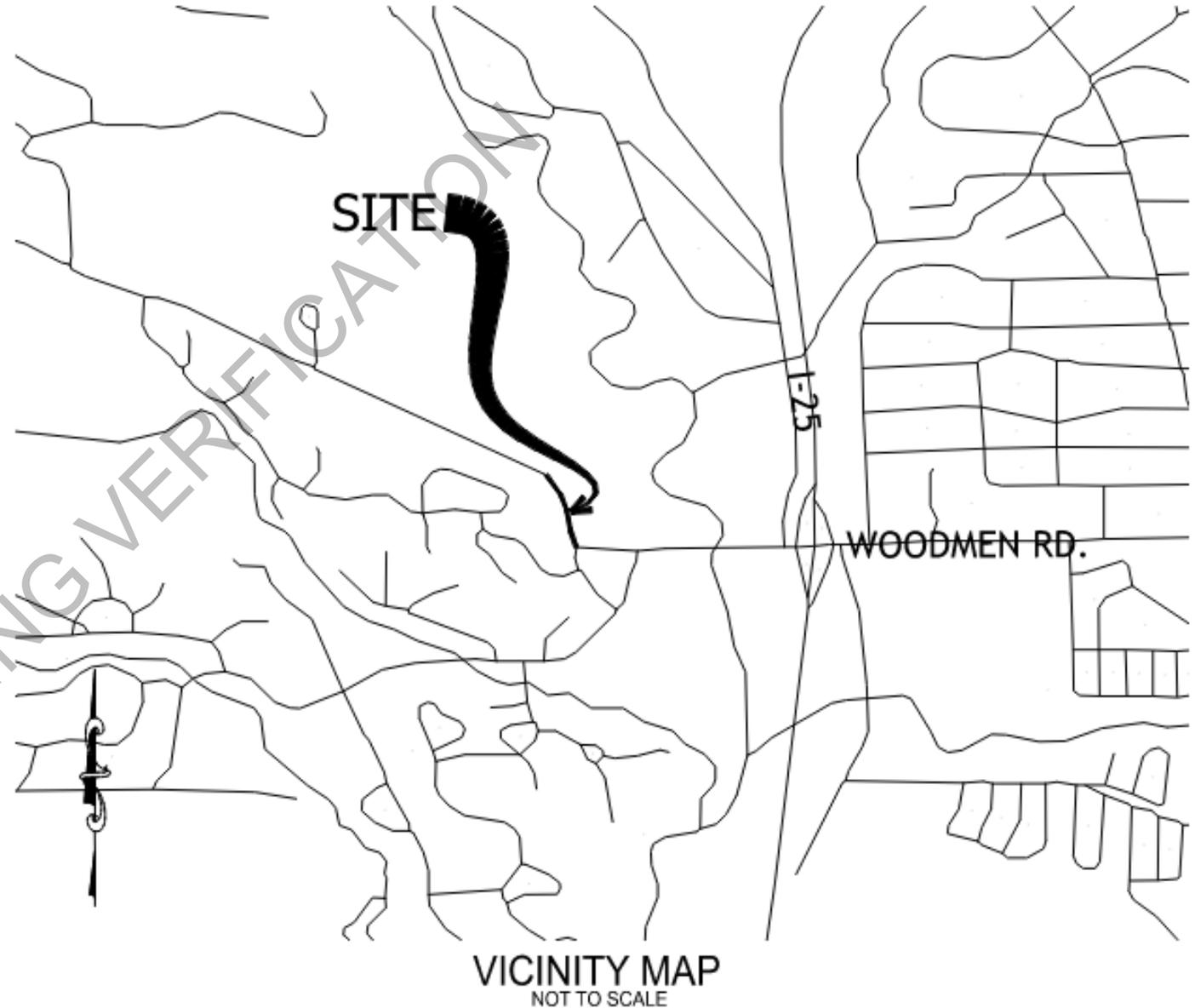
Woodmen Rd Addition No. 2

1.273-acre annexation

City received quit claim deed from EPC for Capital Dr ROW located at Chapel Ln intersection extending N to current City limits

Presently located in Springs Utilities electric and natural gas service territories

No other utility services expected



Application of Water Extension Ordinance

- Annexation and extension of City limits would simultaneously extend Springs Utilities' water service boundary
- Any possible future water service to the properties would qualify as de minimis (< 39 acre-feet year) impact to City water supply

AWAITING VERIFICATION

Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council

AWAITING VERIFICATION



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Hope Chapel Additions No. 1 and 2 Annexations

AWAITING VERIFICATION

Hope Chapel Annexation Property Setting

Hope Chapel of Colorado Springs

Developer-initiated, voluntary, serial annexation of 11-acre property, plus a portion of Old Ranch Rd ROW total area = 14.5 acres

11-acre site north of Old Ranch Rd/Otero intersection

Property currently in unincorporated El Paso Co.

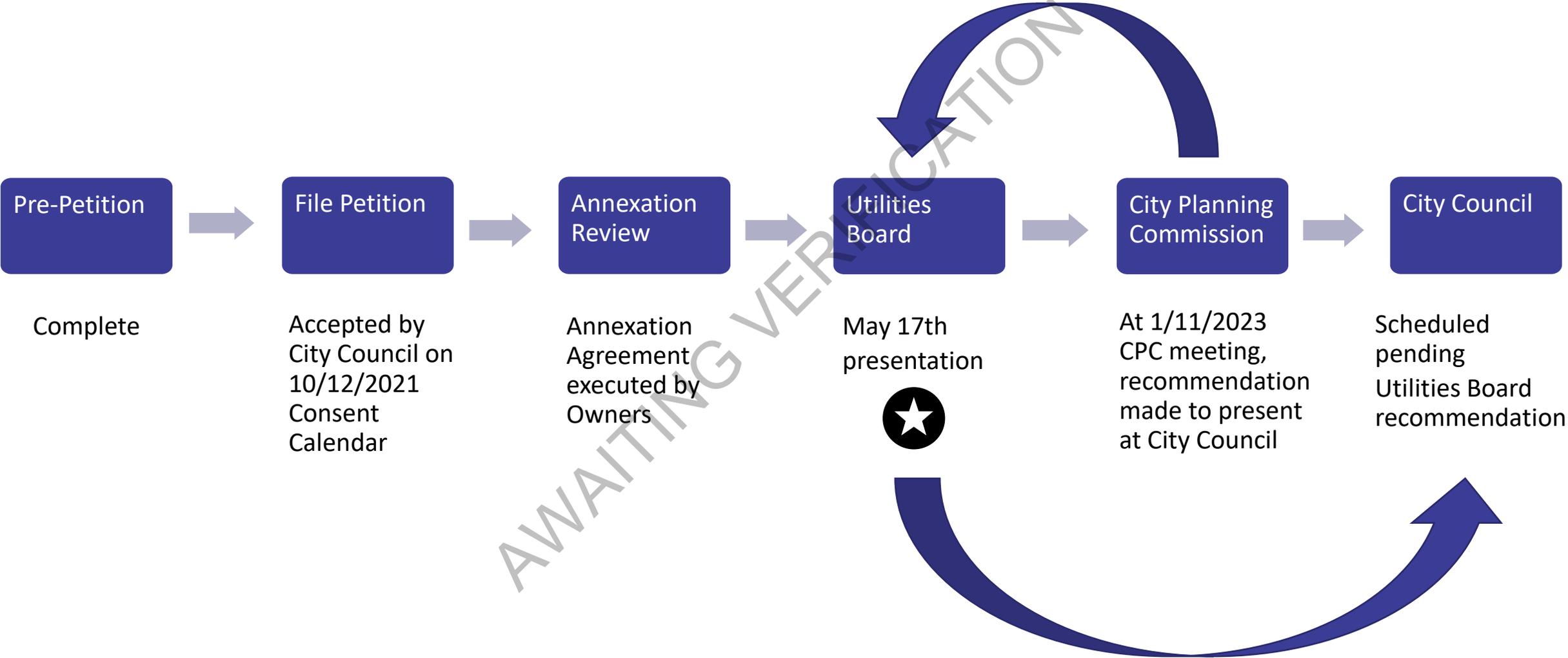
Presently located in Springs Utilities natural gas service territory

One existing single-family home and services to be removed

Property not City enclave (defined by State law)



Hope Chapel Annexation Petition Status



Hope Chapel Annexation Agreement

- Standard form agreement with changes to Special Warranty Deed
 - Reviewed and approved by City Attorney's Office – Utilities Division
 - ✓ SE Colorado Water Conservancy District inclusion process completed
 - ✓ Deed all groundwater rights to City of Colorado Springs
 - ✓ Typical Springs Utilities' four-service extension policies apply
 - ✓ No capacity issues anticipated with Springs Utilities' four services
 - ✓ Remove all utility services for existing single-family residence
 - ✓ MVEA electric service conversion to Springs Utilities' electric service
 - ✓ Executed by Annexor

Application of Water Extension Ordinance

- Annexation and extension of City limits would simultaneously extend Springs Utilities' water service boundary
- Estimated water supply for property and development
 - 21 acre-feet/year total for both additions in series
- Any possible future water service to the property would qualify as de minimis (< 39 acre-feet year) impact to City water supply

Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council

AWAITING VERIFICATION

Questions?

AWAITING VERIFICATION



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AWAITING VERIFICATION

Board Memo Agenda Item

Staff Report

Date: May 17, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Fountain Valley Authority (FCA) Water Treatment Contract

NARRATIVE:

Desired Action: Discussion

Executive Summary: Staff will discuss a proposed water treatment contract between the Fountain Valley Authority (FVA) and participating entities including Colorado Springs, City of Fountain, Security Water District, Stratmoor Hill and Widefield Water Districts. FVA was organized for the repayment of the costs of the Fountain Valley conduit, and to construct and operate a water treatment plant for the benefit of the FVA participants. FVA has provided water treatment services to the FVA participants under a Nov. 1, 1979 water treatment contract, which has expired. FVA and the FVA participants have negotiated a new contract for water treatment and delivery of water by FVA. The 2023 contract also allows for reverse flow to FVA from Colorado Springs Utilities' water system in the event of an outage of the water treatment plant. Colorado Springs Utilities intends to seek City Council approval of a resolution approving and authorizing the Chief Executive Officer to execute the 2023 contract at the June 13, 2023 City Council meeting.

Benefits: Allows for continued water treatment and delivery services by Fountain Valley Authority for the benefit of the participants.

Board Policy: Instructions to the Chief Executive Officer, Water Supply Management (I-7)

Cost/Budget: Colorado Springs Utilities will pay the rates established by Fountain Valley Authority for water treatment and delivery under the 2023 contract.

Affected Parties: Fountain Valley Authority participants: City of Fountain, Security Water District, Widefield Water District and Stratmoor Hills Water District

Alternatives: N/A

Submitter: Abby Ortega

Email address: ajortega@csu.org

Division/ System Planning and Projects (SPP)

Phone number: 719-668-8748

Department: /Infrastructure & Resource Planning

Date submitted: April 24, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 8



Colorado Springs Utilities
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Fountain Valley Authority (FVA) Water Treatment Contract

Abby Ortega, General Manager
Infrastructure & Resource Planning

May 17, 2023

Background

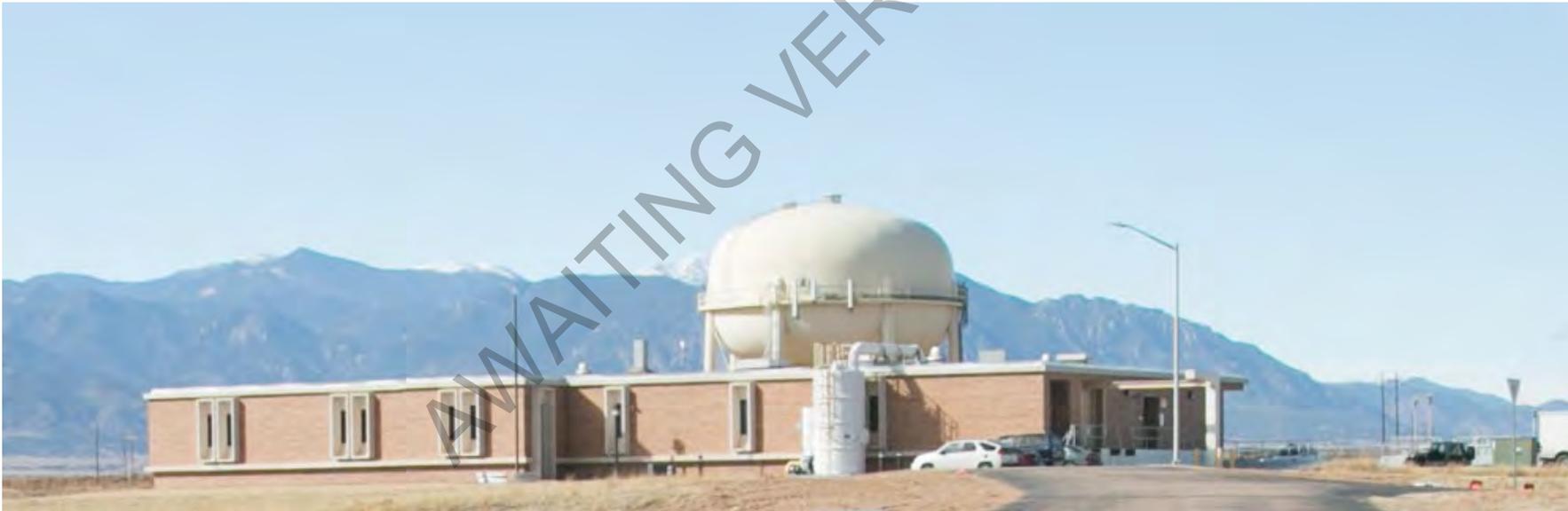
- Fountain Valley Authority was established in 1979 to operate the Fountain Valley Conduit, the Water Treatment Plant and system
- FVA partner entities include Colorado Springs, Fountain, Security, Stratmoor Hills, and Widefield
- The Fountain Valley conduit is owned by the Bureau of Reclamation and operated under a separate contract
- The Water Treatment Plant is operated by the FVA under contract with the participating entities
 - Previously operated under a 1979 contract which has expired

Terms

- Contract between Fountain Valley Authority members and the Authority
 - Term of contract is 40 years.
 - Will deliver water per terms in Conveyance Contract.
 - Details operation, metering, billing and insurance obligations.
- Allows for delivery through Colorado Springs reverse flow if water treatment plant is down for maintenance with approval.

Next Steps

- City Council for approval
 - Recommend Consent on June 13





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AWAITING VERIFICATION

RESOLUTION NO. ____-23

A RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO EXECUTE A LONG-TERM WATER TREATMENT CONTRACT BETWEEN THE FOUNTAIN VALLEY AUTHORITY AND THE CITY OF COLORADO SPRINGS, THE CITY OF FOUNTAIN, SECURITY WATER DISTRICT, STRATMOOR HILLS WATER DISTRICT, AND WIDFIELD WATER AND SANITATION DISTRICT

WHEREAS, the City of Colorado Springs (the "City") on behalf of its enterprise Colorado Springs Utilities ("Utilities") is authorized to enter into intergovernmental agreements with other Colorado governmental entities for the provision of any function or service with the approval of the City Council of the City of Colorado Springs ("City Council"); and

WHEREAS, the City of Colorado Springs is a member of the Fountain Valley Authority ("FVA") along with the City of Fountain, Security Water District, Stratmoor Hills Water District, and Widefield Water and Sanitation District (collectively the "FVA Participants"); and

WHEREAS, the FVA was organized as a vehicle for the repayment of the costs for construction and operation and maintenance of the Fountain Valley Conduit ("FVC"), and to construct and operate a water treatment plant to provide treatment for Frying-Pan Arkansas Project water conveyed by the FVC to the FVA Participants; and

WHEREAS, the FVA has constructed and operates, or causes to be operated, a water treatment plant with sufficient capacity to treat the water allocated to the FVC for the purpose of supplying water treatment services to each FVA Participant; and

WHEREAS, the FVA has provided water treatment services to the FVA Participants pursuant to the terms of a November 1, 1979 Water Treatment Contract between the FVA and the FVA Participants ("1979 Water Treatment Contract"); and

WHEREAS, the term of the 1979 Water Treatment Contract has expired and the FVA Participants need to enter into a new contract in order to continue receiving water treatment services from the FVA; and

WHEREAS, each FVA Participant has expressly stated its desire for continued water treatment services from the FVA consistent with the terms of the 1979 Water Treatment Contract; and

WHEREAS, the FVA desires to continue providing water treatment services to the FVA Participants on terms consistent with the 1979 Water Treatment Contract; and

WHEREAS, each Customer desires to purchase, and the FVA desires to sell, water treatment services on terms consistent with the 1979 Water Treatment Contract as expressed by the terms and conditions set forth in a new Water Treatment Contract (“2023 Water Treatment Contract”) between the FVA and the FVA participants; and

WHEREAS, City Council has determined that it is in the best interests of the City and Utilities to enter into the 2023 Water Treatment Contract, attached hereto and incorporated herein.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. City Council finds and determines that the 2023 Water Treatment Contract between the FVA and the FVA Participants attached hereto will benefit the public health, safety and welfare of the surrounding community and is in the best interest of the City.

Section 2. The Chief Executive Officer of Colorado Springs Utilities is authorized and directed to enter into the 2023 Water Treatment Contract between the FVA and the FVA Participants in a form substantially similar to that attached hereto.

Section 3. This Resolution shall take effect as of the date and time of its approval.

Dated at Colorado Springs, Colorado this ___ day of ___, 2023.

Council President

ATTEST:

Sarah B. Johnson, City Clerk

WATER TREATMENT CONTRACT
BETWEEN
FOUNTAIN VALLEY AUTHORITY
AND
CITY OF COLORADO SPRINGS, COLORADO
SECURITY WATER DISTRICT
STRATMOOR HILLS WATER DISTRICT
WIDEFIELD WATER AND SANITATION DISTRICT

Dated: _____, 2023

AWAITING VERIFICATION

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WATER TREATMENT CONTRACT
BETWEEN
FOUNTAIN VALLEY AUTHORITY
AND
CITY OF COLORADO SPRINGS, COLORADO
CITY OF FOUNTAIN, COLORADO
SECURITY WATER DISTRICT
STRATMOOR HILLS WATER DISTRICT
WIDEFIELD WATER AND SANITATION DISTRICT

This Contract, made and entered into as of the ___ day of _____, 2023, by and between Fountain Valley Authority, a political subdivision of the State of Colorado (the “Authority”), and the City of Colorado Springs, Colorado on behalf of its enterprise Colorado Springs Utilities, and the City of Fountain, Colorado, each of which cities is a municipal corporation of the State of Colorado and a home rule city, and Security Water District acting by and through its water activity enterprise, Stratmoor Hills Water District, and Widefield Water and Sanitation District, each of which districts is a public corporation being herein collectively called “Customers” or individually, “Customer”). Where applicable, the Authority and the Customers may be referred to collectively as “Parties” or individually as “Party”.

WITNESSETH

WHEREAS, each of the Customers is entitled to a portion of the Fryingpan-Arkansas water allocated to the Fountain Valley Conduit (as defined below) by the Southeastern Colorado Water Conservancy District; and

WHEREAS, the water delivered to the Fountain Valley Conduit requires treatment to be potable and fit for municipal and domestic uses; and

WHEREAS, each Customer has need for an economical, reliable source of water treatment to meet the existing and growing demands of its customers and has determined to purchase such water treatment from the Authority; and

WHEREAS, the Authority has constructed and operates, or causes to be operated, a water treatment plant with sufficient capacity to treat the water allocated to the Fountain Valley Conduit for the purpose of supplying water treatment to each Customer; and

WHEREAS, the Customers and the Authority were parties to a November 1, 1979, Water Treatment Contract for the purpose of supplying water treatment to the Customers, which Contract expired on November 1, 2019; and

WHEREAS, pursuant to Section 17 of the November 1, 1979, Water Treatment Contract each Customer has expressly stated its desire for continued water treatment services from the Authority consistent with the terms of the November 1, 1979, Water Treatment Contract; and

WHEREAS, the Authority desires to continue providing water treatment services to the Customers on terms consistent with the November 1, 1979, Water Treatment Contract; and

WHEREAS, each Customer desires to purchase, and the Authority desires to sell, water treatment on terms consistent with the November 1, 1979, Water Treatment Contract as expressed by the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the Authority and each Customer agree as follows:

Section 1: Term of Contract.

This Contract shall become effective upon the date set forth above, after execution by each of the Customers and the Authority. Subject to the provisions of Section 16: hereof, this Contract shall remain in effect for a period of forty (40) years from the date hereof unless otherwise terminated or extended in writing executed by each Party or their successors.

Section 2: Definitions. As used herein:

(a) "Act" shall mean Title 29, Article 1, Part 2, Colorado Revised Statutes, 1973, as amended.

(b) "Authority" shall mean the Fountain Valley Authority as created and established (pursuant to the Act) by an Establishing Contract executed by and on behalf of each of the Customers.

(c) "Annual Plant Budget" shall mean, with respect to a Contract Year, the budget of the Authority prepared in accordance with Section 5 hereof for such Contract Year, or, in the case of an amended Annual Plant Budget, for the remainder of such Contract Year.

(d) "Annual Plant Costs" shall mean, with respect to a Contract Year, and to the extent not paid or to be paid from the proceeds of Bonds or other funds legally available to the Authority (other than payments by the Customers hereunder), all costs and expenses of the Authority that are paid or incurred during such Contract Year and are allocable to the Plant, including, but not limited to the payment of the Operation and Maintenance Expenses of the Plant, all costs, charges, and expenses of replacements and renewals of the Plant and all taxes, assessments or other governmental charges lawfully imposed on the Authority or on the revenues of the Plant or payments in lieu thereof, and the deposit or payment of any and all amounts which the Authority may now or hereafter become obligated to deposit into any fund or to pay from revenues of the Plant, by law or contract.

(e) "Bonds" shall mean all bonds issued by the Authority.

(f) "Contract Year" shall mean the fiscal year of the Authority.

(g) "Conveyance Service Contract" shall mean the Contract between the United States and the District for Conveyance Service from the Fountain Valley Conduit (Contract No. 9-07-70-W0315 of the United States Department of the Interior Bureau of Reclamation) made July 10, 1979, as amended, renewed, and supplemented from time to time.

(h) "Conveyance Service Subcontract" shall mean the Subcontract between the District, each of the Customers and the Authority for Conveyance Service from the Fountain Valley Conduit, made July 10, 1979, as amended, renewed, or supplemented from time to time.

(i) "Debt Service" or "Debt Service Requirements" shall mean, with respect to any period, the aggregate of the amounts of principal, interest and redemption premium, if any, required to be paid from revenues of the Authority on any Obligations outstanding as the same shall become due.

(j) "District" shall mean the Southeastern Colorado Water Conservancy District, a political subdivision of the State of Colorado, and any successor thereto.

(k) "Metering Points" shall mean the points on the Fountain Valley Conduit at which Treated Water is made available to a Customer from the Fountain Valley Conduit.

(l) "Obligations" shall mean Bonds, notes, or other evidence of indebtedness of the Authority.

(m) "Operation and Maintenance Expenses" shall mean all expenses incurred in the operation and maintenance of the Plant and normally recurring expenses incurred by the Authority in the conduct of its activities related to water treatment that are properly accounted for such purpose under generally accepted accounting principles as applied to governmental units; provided that such term shall not include any costs assessed under the Conveyance Service Subcontract. Such term does not include depreciation or obsolescence charges or reserves therefor, interest charges and charges for the payment of principal, or amortization, of Bonds or other Obligations of the Authority or required deposits into any reserves therefor.

(n) "Participation" shall mean for each of the Customers the following acre feet and corresponding percentages:

	<u>Acre Feet</u> <u>Per Year</u>	<u>Stated as a</u> <u>Percentage</u>
1. Colorado Springs	14,353	71.41%
2. Fountain	2,000	9.95
3. Stratmoor Hills Water District	601	2.99
4. Security Water District	1,646	8.19
5. Widefield Water and Sanitation District	1,500	7.46

(o) "Plant" shall mean only the water treatment facility operated by the Authority on the Fountain Valley Conduit (as defined in the Conveyance Service Contract).

(p) "Treated Water" shall mean water that shall comply with all applicable Federal and State regulations for drinking water served to the public.

(q) “Variable Costs” shall mean the total costs in any calendar month of chemicals and other materials used in Water Treatment plus the costs of electricity directly related to Water Treatment, but excluding electricity costs related to maintaining the Plant in operational condition.

(r) “Water Treatment” shall mean such treatment of water as is required to convert it to Treated Water.

(s) “Water Treatment Availability Charge” shall be the charge to each Customer for the right to receive Water Treatment at the Plant, calculated as provided in paragraph (a) of Section 6 hereof.

Section 3: Delivery of Water to Authority.

The water to be treated for each Customer by the Authority at the Plant will be the water delivered to each Customer pursuant to the Conveyance Service Contract and Conveyance Service Subcontract through the Fountain Valley Conduit (as defined in the Conveyance Service Contract). Each Customer agrees to take all actions necessary under the Conveyance Service Contract and Conveyance Service Subcontract to cause delivery to the Plant of all water conveyed through the Fountain Valley Conduit. In order to assure such delivery, the Authority shall collect “conveyance service charges” (as defined in the Conveyance Service Contract) from each of the Customers and shall transfer all such charges collected to the District, as provided in the Conveyance Service Contract.

Section 4: Purchase of Water Treatment; Delivery of Treated Water.

(a) Each Customer agrees to purchase from the Authority the right to have Water Treatment for any water delivered to the Plant on its behalf pursuant to the Conveyance Service Subcontract by making the payments under Sections 7 and 12 hereof.

(b) In the event that the Authority is not able to supply all Treated Water requested under this Contract, it shall allocate Plant daily capacity among the Customers requesting Treated Water for such day pro rata in accordance with their respective Participation unless such Customers agree to a different allocation.

(c) The Authority shall deliver to a Customer upon request any Treated Water to which such Customer is entitled by returning it to the Fountain Valley Conduit at the Plant. The Authority shall have no obligation hereunder to deliver Treated Water to the Metering Point for a Customer.

(d) Each Customer shall make and pay for all connections between its facilities and its Metering Point. Each Customer shall install, own and maintain any necessary substation equipment at the Metering Points. In the event that the Metering Points are not on the Customer’s water system, each Customer shall arrange and pay for transmission of Treated Water delivered under this Contract to its system, including the installation and maintenance of any facilities required for it to receive such Treated Water into its system.

(e) For purposes of billing pursuant to the last sentence of Section 7 hereof, metering equipment shall be furnished, installed and maintained by the Authority at each Metering Point;

provided that the Authority's obligation to install such meters shall be satisfied to the extent that the United States provides such meters at the Metering Points.

(f) The Authority may allocate daily capacity among the Customers requesting Treated Water for such day upon agreement of the Customers involved.

Section 5: Annual Plant Budget.

(a) The Authority shall prepare or cause to be prepared an Annual Budget for the ensuing Contract Year that shall itemize estimates of Annual Plant Costs and all revenues, income or other funds to be applied to such Annual Plan Costs for and applicable to such Contract Year. Such Annual Plan Budget shall also utilize and take into account forecasts, which shall be furnished by each Customer to the Authority of the monthly Treated Water requirements estimated to be obtained from the Authority during such Contract Year. The Authority and each Customer shall provide such Annual Budget and the forecasts to the other Parties in a timely fashion, and the Authority and each Customer shall provide comments to the same, if any, in a manner and at a time that will allow the Customers and the Authority to comply with applicable budget laws.

(b) After consideration of any comments of the Customers, the Authority, prior to the beginning of such ensuing Contract Year, shall adopt an Annual Plant Budget for such Contract Year and the rates and charges for Water Treatment to be furnished and the services to be performed during such Contract Year and shall cause copies of such Annual Plant Budget and rates and charges to be promptly delivered to the Customers. The Authority prepared and adopted an Annual Plant Budget for the current Contract Year (2023) in accordance with the terms of the 1979 Water Treatment Contract and the Parties agree that such budget shall be considered to be the Annual Budget for the current Contract Year under this Agreement.

(c) If, at any time or from time to time after the adoption of the Annual Plant Budget in accordance with Subsection (b) of this Section 5, the Authority estimates that the actual Annual Plant Costs or revenues for the Contract Year or any part thereof from which such Annual Plant Budget applies will be greater or less than the Annual Plant Costs or revenues set forth in the Annual Plant Budget, or that the amount of Treated Water that the Authority expects to deliver during such Contract Year or any part thereof is greater or less than the amount of Treated Water that the Authority estimated at the time of adoption of the Annual Plant Budget would have been delivered during such Contract Year, then the Authority may prepare an amended Annual Plant Budget. The amended Annual Plant Budget shall be timely adopted by the Authority and promptly transmitted to the Customers.

(d) In the event an Annual Plant Budget for the ensuing Contract Year has not been adopted on or before the first day of the Contract Year, the total amount budgeted for the preceding Contract Year shall be the total amount of the temporary budget for such purposes for the ensuing Contract Year. Such temporary budget shall be effective only until such time as a permanent budget has been finally adopted and approved.

(e) The Treasurer of the Authority shall be responsible for the allocation for expenditure of the total amount of the temporary budget until a permanent budget is adopted and approved.

Section 6: Rates and Charges.

(a) The Water Treatment Availability Charges of the Authority to the Customers for the right to receive Water Treatment shall be:

(1) non-discriminatory, and

(2) fair and reasonable, and

(3) adequate (after taking into consideration other moneys received or anticipated to be received) in each Contract Year to pay or make provision for paying Annual Plant Costs (other than Variable Costs).

(b) The rates and charges of the Authority shall be adequate to provide revenues that, after payment of current Operation and Maintenance Expenses, will equal 120% of each Contract Year's Debt Service on Bonds, if any, and after taking into account amounts on deposit in the operating and maintenance expense reserve fund required by any applicable bond resolution.

(c) When the Board of Directors of the Authority proposes to establish a new rate or charge (other than in connection with an Annual Plant Budget), it shall give each Customer written notice that it proposes to establish a new rate or charge for Water Treatment or for related services setting forth such charge and the detailed basis upon which it was calculated not less than 30 days from the mailing of the notice to each Customer, with all such notices to be mailed simultaneously.

Section 7: Billing for Water Treatment; Meter Reading.

The Authority shall bill each Customer for Water Treatment Availability Charges on or before the 25th day of each month, in proportion to such Customer's Participation (stated as a percentage). In addition, the Authority shall monthly read meters or cause meters to be read at the Metering Points and shall bill (not later than the 25th day of each month) each Customer that received Treated Water during the previous month for its share of Variable Costs incurred during such month, which charge shall be not less than the product of the total Variable Costs for such month times the Treated Water delivered by the Authority to the Customer over the total Treated Water delivered by the Authority to all Customers during such month plus any amount necessary to comply with the provisions of paragraph (b) of Section 6.

Section 8: Meter Testing and Billing Adjustment.

The Authority shall test and calibrate the Customers' meters or cause the meters to be tested and calibrated by comparison with accurate standards at intervals of twelve (12) months, or such other intervals as the parties agree, and all tests shall be in accordance with manufacturer's specifications. The Authority shall also make or cause to be made special meter tests at any time at a Customer's request. The costs of all tests shall be borne by the Authority, provided, however, that if any special meter test made at a Customer's request demonstrates that the meters are recording accurately, the requesting Customer shall reimburse the Authority for the cost of such test. The readings on any meter that have been demonstrated by a test to be inaccurate shall be corrected from the beginning of the monthly billing period immediately preceding the billing period during which the tests are made in accordance with the percentage of inaccuracy found by

such test, provided, that no correction shall be made for a longer period unless the Authority and the Customer involved mutually agree thereto. Should any meter fail to register, the Treated Water delivered during such period of failure shall for billing purposes be estimated by the Authority and the Customer from the best information available. The Authority shall notify the Customer or cause the Customer to be notified in advance of the time of any meter reading or test so that the Customer's representative may be present at such meter reading or test.

Section 9: Payments to Constitute Operation Expenses of Customer System.

Each Customer's obligation to make the payments under this Contract shall constitute, and shall be treated for all purposes by each Customer as, to the extent permitted by law, an operating expense of its water system or of its combined utility of which the furnishing of water service is a part and prior to its obligation to make payments for any bonds or other securities issued by the Customer and payable from revenues of such water system or combined utility. The obligation of each Customer to make payments hereunder shall be limited to monies derived from such Customer's operation of its water system or combined utility.

Section 10: Customer Rate Covenant.

Each Customer shall establish, maintain and collect reasonable rates and charges for the water service of its water system or combined utility that shall produce revenues at least sufficient, together with other revenues legally available to such Customer to enable it to pay the Authority, when due (monthly or otherwise), all amounts payable by such Customer under this Contract and under the Conveyance Service Subcontract.

Section 11: Covenants of the Authority; Covenant of Colorado Springs.

(a) The Authority shall use reasonable diligence to provide Water Treatment hereunder. If operation of the Plant shall be interrupted, or become defective by reason of force majeure, the Authority shall not be liable therefor or for damages caused thereby.

(b) The Authority shall diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and provisions of this Contract. The Authority shall not amend this Contract without first having secured the prior written consent of all Customers, but no amendment shall be made in Section 12 of this Contract, except as permitted in any applicable bond resolution.

(c) The Authority covenants and agrees that it will operate, maintain and manage the Plant or cause the same to be operated, maintained and managed in an efficient and economical manner, constituent with sound municipal utility practice and in accordance with standards normally used by municipal utilities owning like properties, all in order to fulfill its obligation to provide Treated Water to the Customers.

(d) The Authority and the City of Colorado Springs, on behalf of its enterprise, Colorado Springs Utilities (Utilities), covenant and agree that if the operations, maintenance, or repair of the Fountain Valley Conduit, the Plant, or related facilities require the temporary interruption of Water Treatment under this Contract and the April 1981 Management Agreement between the Authority and Colorado Springs, the Authority and Utilities will execute an agreement substantially similar

to the Short Term Agreement for Water Service to Address Operation and Maintenance Obligations attached as Exhibit A hereto, which agreement will provide for Utilities to provide temporary water service, consisting of delivery of treated, potable water to the Authority's system for subsequent delivery to the Customers, in exchange for an equal volume of raw water to be provided by the Authority to Utilities delivered to Colorado Springs excess capacity account in Pueblo Reservoir.

Section 12: Payment to be Sufficient for Debt Service; Operation and Maintenance Expenses.

(a) In any instance where the amount of money on deposit in the funds created by any applicable bond resolution to make timely payments, after Operation and Maintenance Expenses, of Debt Service on Bonds as they become due and to provide reserves therefor is not the full amount then required to be on deposit therein, each Customer shall be obligated to make a payment that, together with payments similarly made by other Customers, shall be sufficient to meet such bond resolution requirements. The percentage share of the payment to be made by each Customer shall be its Participation (stated as a percentage amount). The payments required to be made under this Section 12(a) shall be paid by the Customers in the percentage shares determined above and such payments shall be made directly to the custodian of the respective funds as established in the bond resolution.

(b) In the event the Authority is held to be in default under the provisions of any applicable bond resolution (by reason of the inadequacy of payments required to be made by the Customers under the provisions of this Contract), the Customers shall cure the default by making payments in the same proportion as provided in paragraph (a) of this Section.

(c) In the event any of the other Customers default in making the payments hereunder, each Customer unconditionally covenants that, notwithstanding the notice provisions of Section 6 hereof and notwithstanding the provisions of Section 15:(b) hereof, the entire Annual Plant Costs of the Authority will be paid as they become due.

The provisions of the covenants contained in this section are for the benefit and protection of the Authority, the Customers, and the owners and holders of Bonds, if applicable, it being recognized that the holders of such Bonds shall be third-party beneficiaries of such covenants, and it is understood by the contracting parties that the initial purchaser of any issue of Bonds has and will agree to the purchase of Bonds conditioned upon this covenant.

For and in consideration of the payments to be made by the Customers under this Contract (including those under this Section), the Authority agrees to use reasonable diligence to provide Water Treatment to such Customers under the terms of this Contract, and such payments by the Customers shall be in consideration for the Authority's agreement to provide such Water Treatment; but the failure of the Authority to comply with such agreement shall not relieve any Customer of its obligations under this Section, which obligations shall be unconditional and absolute.

Section 13: Default.

(a) (1) If any Customer fails or defaults in meeting the terms, conditions and covenants of this Contract (including the failure to make any payment to the Authority hereunder) or of the Conveyance Service Subcontract, and such default continues for a period of 15 days, the Authority shall give notice (in the manner contemplated by 0 of this Contract) to the Customers. The defaulting Customer shall from the date of the mailing of such notice, have a period of 30 days to cure the default.

(2) If the Customer does not cure its default within such period of thirty (30) days, then, so long as such Customer remains in default, and in addition to any other rights which the Authority has under this Contract and at law and in equity, the Authority may terminate all Water Treatment and treatment related service to such Customer. Additionally, in the event of default in payment, the Authority may charge to and collect from such Customer each calendar month the amount that the Authority determines to be the difference between what the Authority would have received from such Customer under this Contract, for Water Treatment and services furnished and delivered to such Customer had such Customer not been in default and the amount, if any, that the Authority receives from sales of such Treated Water and services to the other Customers, or others. Termination of service hereunder shall not reduce or change the obligation of the defaulting Customer under the other provisions of this Contract, including without limitation, the defaulting Customer's percentage share of Operation and Maintenance Expenses under the Annual Plant Budget.

(b) If the Authority fails or defaults in meeting the terms, conditions and covenants of this Contract, except its covenant to use reasonable diligence to provide Water Treatment contained in Section 11(a), and such default continues for a period of 15 days after a Customer has given the Authority notice of such default in the manner contemplated in 0 of this Contract, then such Customer shall have all of the rights and remedies provided at law and in equity, except that in no event shall any of the Customers be relieved of its obligation specified in Section 12.

Section 14: Allocation of Defaulting Customers' Treated Water.

(a) In the event a Customer is in default under 0 hereof, and the Customer has not cured such default as provided in 0(a), the Authority will cease to deliver Treated Water to the defaulting Customer without reallocation to another Party. For the duration of a default, the costs and expenses associated with the defaulting Customer's entitlement to Treated Water will accrue as a receivable due to the Authority and must be paid by the defaulting Customer to cure the default. In the event the defaulting Customer cures all defaults within six (6) months of the date of notice of default under Section 13, reimburses the non-defaulting Customers for any payments that they made under Section 12, and pays a penalty equal to one percent (1%) per month of its payments in default, such Customer shall thereafter be entitled to resume receiving its entire Participation interest in Treated Water from the Authority. The six (6) month cure period may be extended only upon resolution of the Board of Directors of the Authority and written approval of the governing bodies of each of the Customers amending the Establishing Contract of the Authority. Failure to cure a default pursuant to this provision shall subject the defaulting Customer to the provisions of Article XIII of the Establishing Contract, First Amendment, May 19, 1980.

Section 15: Payment Due Dates and Delinquency.

(a) In the event that a Customer fails to make any payment at the time herein specified, interest on such delinquent amount shall accrue at the rate of one percent (1%) per month from the date such payment becomes due until paid in full, and the Authority may institute a proceeding for a mandatory injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

(b) All payments required to be made by the Customers under the terms of this Contract shall be due and payable within fifteen (15) days following the date the Authority renders the bill, and the Customers shall have no right of setoff, recoupment, or counterclaim against any payment under Section 12 or that part of the Annual Plant Costs which are attributable to payments to be made into the bond fund or the reserve fund by any Bond Resolution or similar funds established for the payment and security of other Obligations which are unconditional.

(c) Should a dispute between any Customer and the Authority arise as to whether the Authority is in compliance with its covenants as contained herein, each Customer shall nevertheless be obligated (1) to make the payments provided by paragraph (a) of Section 12 hereof and (2) to pay such amount of the Annual Plant Costs as may not be in dispute pending the resolution of such dispute. The disputed amount of Annual Plant Costs shall be paid by a Customer and, to the extent that such amounts are not needed to pay Debt Service on the Bonds, they shall be placed in escrow in an interest-bearing account by the Authority pending resolution of the dispute, but only the principal amount thereof shall be returned to the Customer.

Section 16: Continuation of Services.

A Customer not in default hereunder shall have the right to the continued performance of services provided under the provisions of this Contract for the useful life of the Plant (to the extent such useful life exceeds 40 years) by giving written notice to the Authority at least one year prior to the scheduled termination of this Contract (as specified in Section 1) provided that if such termination is occasioned by making provision for the payment of the Debts of the Authority, the notice may be given within 90 days after such provision is made. Such Customer shall be obligated to continue paying its proportionate share of the Annual Plant Costs. Each of the Customers agrees that its entitlement to Treated Water may be forfeited in the event of default hereunder following the terms and procedures for such forfeiture and termination set forth in this Contract.

Section 17: Customer Not to Sell Its Water System.

Each Customer covenants that during the term of this Contract (or the extensions thereof) it will not sell or otherwise dispose of its water utility distribution system in whole or substantially as a whole to any entity unless such entity can legally assume and does assume in writing all obligations of such Customer hereunder and then only with the written consent of the Authority; provided that no such sale and assumption shall be permitted hereunder if as a result thereof the exemption of interest on any Bonds from Federal income tax would be adversely affected.

Section 18: Force Majeure.

(a) If for any reason of “force majeure” any of the parties hereto shall be rendered unable, wholly or in part, to carry out its obligations under this Contract, other than the obligation of the Customers to make the payments required under the terms of this Contract, then if such party shall give notice and the full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such “force majeure,” shall be suspended during the continuance of the inability then claimed, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term “force majeure” as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders or actions of any kind of the government of the United States or of the State of Colorado or any civil or military authority, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accident to dams, machinery, pipelines, or canals or other structures or machinery, on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulties, and that the above requirement that any “force majeure” shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty.

(b) No damage shall be recoverable from the Authority or the Customers by reason of the causes above mentioned.

Section 19: Insurance.

(a) The Authority shall maintain, or cause to be maintained in force for the benefit of the Authority, such insurance with respect to the Plant as shall be reasonably available and as is usually carried by municipal water utilities constructing and operating water treatment facilities. Provided, however, in any event the Authority shall maintain, or cause to be maintained, in force, insurance in such amounts and against such risks as required by any applicable bond resolution.

(b) The Authority will secure and maintain adequate fidelity insurance or bonds on all officers and employees handling or responsible for funds of the Authority, unless such officers and employees are otherwise covered by an existing and applicable policy or bond.

(c) The Authority may establish and create a special fund for the purpose of providing a self-insurance fund. Amounts to be deposited in or credited to such fund in any Contract Year shall be accounted for as Operation and Maintenance Expenses. To the extent that monies are deposited in such fund, if created, such monies may be invested in investment securities, as defined in any applicable bond resolution. To the extent of the amounts held in such fund, the face amount of appropriate insurance policies may be reduced.

Section 20: Reports.

The Authority will prepare and issue to each Customer the following reports: (i) financial and operating statement relating to the Plant; (ii) status of construction for the Plant during any future construction; and (iii) analysis of operations relating to the Plant.

Section 21: Records and Accounts.

The Authority will keep accurate records and accounts of the Plant and of the transactions relating thereto as well as of the operations of the Authority in accordance with generally accepted accounting principles as applied to governmental units. Within one hundred twenty (120) days after close of each Contract year, the Authority shall cause such records and accounts and all transactions of the Authority relating to the Plant with respect to such Contract Year to be subject to an annual audit by an independent certified public accountant. A copy of each such annual audit shall be sent by the Authority to each Customer.

Section 22: Access.

Each Customer shall at all times have reasonable access to examine any and all books and records of the Authority and to examine the Plant. The Authority and each Customer will give the other the right to enter the premises of the other at all reasonable times for the purpose of repairing or removing facilities, reading meters and performing work incidental to delivery and receipt of Water Treatment and Treated Water furnished hereunder.

Section 23: Governmental Rates, Regulations and Laws.

The Contract shall be subject to all valid rules, regulations and laws applicable thereto, as promulgated by the United States of America, the State of Colorado, or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them, which rules, regulations and laws shall not impair the obligation of contracts including this Contract.

Section 24: Appropriations.

(a) Performance of Colorado Springs' obligations under this Contract is expressly subject to the appropriation of funds by its City Council. This Agreement is expressly made subject to the limitations of the Colorado Constitution and Section 7-60 of the Charter of the City of Colorado Springs. Nothing herein shall constitute, nor be deemed to constitute, the creation of a debt or multi-year fiscal obligation or an obligation of future appropriations by Colorado Springs contrary to Article X, § 20 of the Colorado Constitution, or any other constitutional, statutory, or charter debt limitation. The funds for the current year's activities related to this Contract have been fully appropriated by Colorado Springs. Colorado Springs agrees to use good faith efforts to seek the appropriation of sufficient funds to allow Colorado Springs to fully and timely perform its obligations under this Contract for each fiscal year that occurs during the term of this Contract.

(b) Performance of Security Water District, Stratmoor Hills Water District, and Widefield Water and Sanitation District's obligations under this Contract are expressly subject to the appropriation of funds by each Customer's respective Board of Directors or governing body,

which appropriations shall be made in the sole discretion of each Customer's Board of Directors or governing body. This Agreement is expressly made subject to the limitations of the Colorado Constitution. Nothing herein shall constitute, nor be deemed to constitute, the creation of a debt or multi-year fiscal obligation or an obligation of future appropriations by any Customer contrary to Article X, § 20 of the Colorado Constitution, or any other constitutional, statutory, or debt limitation. The funds for the current year's activities related to this Contract have been fully appropriated by Security Water District, Stratmoor Hills Water District, and Widefield Water and Sanitation District, and the same Customers agree to use good faith efforts to seek the appropriation of sufficient funds to allow full and timely perform each Customers obligations under this Contract for each fiscal year that occurs during the term of this Contract.

(c) Performance of the City of Fountain's obligations under this Contract is expressly subject to the appropriation of funds by its City Council, notwithstanding anything in this Contract to the contrary. This Agreement is expressly made subject to the limitations of the Colorado Constitution and the City Charter of the City of Fountain. Nothing herein shall constitute, nor be deemed to constitute, the creation of a debt or multi-year fiscal obligation or an obligation of future appropriations by the City of Fountain contrary to Article X, § 20 of the Colorado Constitution, or any other constitutional, statutory or debt limitation. The funds for the current year's activities related to this Contact have been fully appropriated by the City of Fountain, and the City of Fountain agrees to use good faith efforts to seek the appropriation of sufficient funds to fully and timely perform its obligations under this Contract for each fiscal year that occurs during the term of this Contract. Financial obligations of the City of Fountain payable after the current fiscal year are contingent upon funds for that purpose being appropriated and otherwise made available in accordance with applicable law and the resolutions, regulations, and rules of the City of Fountain.

(d) The Authority is an "enterprise" for purposes of Article X, § 20 of the Colorado Constitution, or any other constitutional, statutory, or charter debt limitation, and this Contract does not affect its enterprise status. The funds for the current year's activities related to this Contract have been fully appropriated. The Authority agrees to use good faith efforts to seek the appropriation of sufficient funds to allow the Authority to fully and timely perform its obligations under this Contract for each fiscal year that occurs during the term of this Contract. In the event funds are not appropriated in whole or in part sufficient for performance of all of the Authority's obligations under this Contract that are to be performed in the next calendar year, or appropriated funds may not be expended due to applicable spending limitations, then all rights and obligations of the Authority under this Agreement will terminate, and the Authority will thereafter have no liability for compensation or damages to the Customers in excess of the Authority's authorized appropriation for this Contract or the applicable spending limit, whichever is less. The Authority shall notify the Customers as soon as reasonably possible in the event of a non-appropriation or in the event a spending limit becomes applicable that impacts the Authority's ability to perform its obligations under this Contract.

Section 25: Easements.

Each Customer agrees that the Authority or its agent shall (when permitted by existing easement) have full access to such easements or over any easements, right-of-way or property held

by such Customer if, and to the extent, required by the Authority for any and all purposes required for the Plant.

Section 26: Notices.

Unless otherwise provided for in this Contract, any notice, request, demand or statement provided for in this Contract (including those provided for in Sections 6(c), 13, 14, 16, and 18), and not related to the day-to-day operations of water treatment or delivery of Treated Water shall be in writing and shall be considered to have been duly delivered when sent by registered or certified mail addressed as follows, unless another address has been designated, in writing, by the party entitled to receive same:

- (1) Colorado Springs, Colorado:

Colorado Springs Utilities
ATTN: Manager of Water Resources
P.O. Box 1103, Mail Code 1825
Colorado Springs, CO 80947-1825

With copies to:

City Attorney's Office – Utilities Division
City of Colorado Springs
P.O. Box 1575, Mail Code 510
Colorado Springs, CO 80901-1575

- (2) The City of Fountain, Colorado:

City of Fountain
ATTN: Utilities Director
116 S. Main St.
Fountain, CO 80817

- (3) Security Water District Enterprise:

Roy E. Heald, General Manager
231 Security Blvd
Colorado Springs, CO 80911
r.heald@securitywsd.com

- (4) Stratmoor Hills Water District:

Kevin W. Niles
1811 B Street
Colorado Springs, CO 80906
kevin@stratmoorhillswater.org

(5) Widefield Water and Sanitation District:

Lucas Hale, District Manager
8495 Fontaine Blvd.
Colorado Springs, CO 80925
lucas@wwsdonline.com

With copies to:

Joseph Norris, General Counsel
Cockrel Ela Glesne Greher & Ruhland, P.C.
44 Cook Street, Suite 620
Denver, CO 80206

(6) Fountain Valley Authority:

President, Fountain Valley Authority
456 West Fontanero Street
PO Box 1103, 1210
Colorado Springs CO 80907

With copies to:

Carlson, Hammond & Paddock, LLC
Karl Ohlsen, Esq.
1900 N. Grant Street, Suite 1200
Denver, CO 80203
kohlsen@chp-law.com

Bills and invoices will be sent electronically, and notices related to the ordinary day-to-day operations of the Plant, Water Treatment, or deliveries of Treated Water, may be verbal, electronic, or written.

Section 27: Severability.

The parties hereto agree that if any of the provisions of this Contact should contravene or be held invalid under the laws of the State of Colorado, such contravention or invalidity shall not invalidate the whole Contract but it shall be construed as though not containing that particular provision, and the rights and obligations of the parties shall be construed in force accordingly, as long as the primary purposes of the Contract remains in effect.

Section 28: Contracts to be Separate.

This instrument embodies five separate contracts between the Authority and each Customer. Termination of one Contract shall not affect the others.

Section 29: Use of Fountain Valley Authority Conduit for Water Treatment of Non-Project Water.

The Authority will support its Customers in the continued use of the Fountain Valley Authority Conduit for the conveyance and treatment of non-Project water, to the extent of the Customers' respective capacity in the Fountain Valley Authority Conduit and the Plant, in order to achieve efficient and full utilization of the Customers' capacities in the Fountain Valley Authority Conduit and the Plant, so long as such use does not interfere with the other Customers' rights and obligations under this Contract.

Section 30: Authority.

All parties represent and warrant that they have the full power and authority to enter into and perform this Contract, and that they have taken all entity actions necessary for the execution and performance of this Contract.

Section 31: Amendment.

This Contract may be extended, modified, amended, or changed, in whole or part, only by written amendment duly authorized and executed by all Parties with the same formality as this Agreement.

Section 32: Binding Effect and Assignability.

This Agreement and the rights and obligations created hereby shall be binding upon and shall inure to the benefit of the Parties hereto and their respective representatives, heirs, successors and assigns, if any. The Parties may not assign their rights or delegate their duties under this Agreement without the prior written consent of all other Parties.

Section 33: Governing Law and Venue.

This Agreement and its application shall be construed in accordance with the laws of the State of Colorado. Should it be necessary to institute court proceedings concerning this Agreement, venue shall be in the District Court for El Paso County, Colorado.

Section 34: Multiple Originals.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which constitute the same agreement.

Section 35: Counterparts and Electronic Signatures.

This Agreement may be executed in multiple counterparts by the Parties. All counterparts so executed shall constitute one agreement that is binding on all Parties. Each counterpart shall be deemed an original of this Agreement. Documents executed, scanned and signed electronically shall be deemed original signatures for the Purposes of this Agreement.

Section 36: Interpretation.

Except as otherwise provided herein, nouns, pronouns, and variations thereof shall be deemed to refer to the singular or plural, and masculine or feminine, as the context may require. Any reference to policy, procedure, law, regulation, rule, or document shall mean such policy, procedure, law, regulation, rule, or document as it may be amended from time to time.

Section 37: Entire Agreement.

This Contract, and documents references herein, represent the entire agreement of the parties with respect to the subject matter covered herein. All negotiations, considerations, representations and understandings between the parties are incorporated and merged herein. This Contract may be modified or altered only by the parties' written agreement.

Section 38: Cooperation.

The parties agree to cooperate with each other in good faith in the performance of their obligations and requirements under this Contract and to fulfill the intent and purposes of this Contract.

Section 39: No Third-Party Beneficiary.

This Contract shall be for the sole benefit of the parties hereto, and no other party is entitled to have any rights or benefits by reason of this Contract as a third-party beneficiary or otherwise.

Section 40: Waiver.

Any waiver of any breach of any provision of this Agreement by any Party shall not constitute a continuing waiver of any subsequent breach of either the same or any other provision of this Agreement.

Section 41. Attorney Representation.

Each Party has been represented by and has had an opportunity to consult legal counsel in connection with the negotiation and execution of this Agreement. No provision of this Agreement shall be construed against or interpreted to the disadvantage of either Party by reason of such Party having drafted or being deemed to have drafted such provision.

City of Fountain, Colorado acting by and through the City of Fountain Electric, Water and Wastewater Utility Enterprise,

Attest:

By: _____
Dan Blankenship, Utilities Director

City Clerk's Office

Date: _____

Widefield Water and Sanitation District

By: _____

Name: _____

Its: _____

Stratmoor Hills Water District, acting by and through its water activity enterprise

Attest:

By: Robert Colgrove, President

John Willcox Secretary/ Treasurer

AWAITING VERIFICATION

EXHIBIT A TO WATER TREATMENT CONTRACT

FORM OF:

SHORT TERM AGREEMENT FOR WATER SERVICE TO ADDRESS OPERATION AND MAINTENANCE OBLIGATIONS

THIS SHORT TERM AGREEMENT FOR WATER SERVICE TO ADDRESS OPERATION AND MAINTENANCE OBLIGATIONS (“Agreement”) is made and entered into by and between Colorado Springs Utilities, an enterprise of the City of Colorado Springs, a Colorado home rule city and municipal corporation, hereinafter called “UTILITIES,” and the Fountain Valley Authority, a political subdivision of the State of Colorado, hereinafter called the “AUTHORITY.” Both UTILITIES and AUTHORITY hereinafter are each individually referred to as “Party” and collectively referred to as the “Parties.”

RECITALS

- A. The AUTHORITY was established by and includes participation from the following entities: Stratmoor Hills Water District, the City of Fountain, the Security Water District, the Widefield Water & Sanitation District, and the City of Colorado Springs (collectively the “FVA Participants”). Stratmoor Hills Water District, City of Fountain, Security Water District, and Widefield Water & Sanitation District are referred to herein as the “Partner Entities”.
- B. The AUTHORITY was organized under the laws of the State of Colorado as a vehicle for the repayment of the costs for construction and operation and maintenance of the Fountain Valley Conduit (“FVC”), and to construct and operate a water treatment plant to provide treatment for water conveyed by the FVC to the FVA Participants.
- C. Each of the FVA Participants is entitled to a portion of the Fryingpan-Arkansas water allocated to the FVC by the Southeastern Colorado Water Conservancy District, pursuant to the Contract Between the United States and the Southeastern Colorado Water Conservancy District for Conveyance Service from the Fountain Valley Conduit dated July 10, 1979, and the Subcontract Between the Southeastern Colorado Water Conservancy District and the Fountain Valley Authority, the City of Colorado Springs, the City of Fountain, the Security Water District, Stratmoor Hills Water District, and the Widefield Homes Water Company for Conveyance Service from the Fountain Valley Conduit dated July 10, 1979.
- D. The water delivered to the FVC requires treatment to be potable and fit for municipal and domestic uses by the FVA Participants.
- E. The AUTHORITY provides water treatment service to the FVA Participants pursuant to the terms set forth in a Water Treatment Contract Between the AUTHORITY and the FVA Participants dated _____, 2023, replacing a prior agreement between the Authority and FVA Participants dated November 1, 1979 (“Water Treatment Contract”).

- F. The AUTHORITY constructed and operates, or causes to be operated, a water treatment plant (“Treatment Plant”) with sufficient capacity to treat the water allocated to the FVC for the purpose of supplying water treatment to each FVA Participant.
- G. UTILITIES operates the Treatment Plant and performs the AUTHORITY’s obligations according to the terms set forth in the Water Treatment Contract on behalf of AUTHORITY pursuant to a Management Agreement dated April 1981, between the AUTHORITY and UTILITIES and approved by the FVA Participants (the “Management Agreement”).
- H. Pursuant to the Management Agreement, UTILITIES is responsible for delivering potable water to the FVA Participants.
- I. Colorado Springs’ allotment of FVC water treated at the Treatment Plant is delivered to UTILITIES’ water system through a connection located in the AUTHORITY’s Colorado Springs/Stratmoor Hills Terminal Tank vault that was constructed in the early 1980s as part of the FVC project.
- J. The connection at the AUTHORITY’s Colorado Springs/Stratmoor Hills Terminal Tank was designed and constructed such that (1) Colorado Springs’ treated FVC water could be conveyed into its water distribution system and (2) so that the flow of water at the connection could be reversed such that Colorado Springs could provide treated water to the other FVA Participants in case of an emergency or required maintenance of the Treatment Plant.
- K. The AUTHORITY and UTILITIES have determined that the Treatment Plant needs to be shut down for an extended maintenance outage during the period between _____, 20____, and _____, 20____, (“Outage Period”) and the Treatment Plant will not be available to treat the FVC water during that time. Failure to perform the necessary preventative maintenance during the Outage Period could result in Treatment Plant failure and the need for extended and unplanned emergency service.
- L. In light of the need for preventive maintenance of the Water Treatment Plant, AUTHORITY and UTILITIES agree that, in order to meet each Party’s obligations set forth in the Water Treatment Contract and the Management Agreement, UTILITIES will provide AUTHORITY with temporary water service during the Outage Period; with the temporary water service consisting of UTILITIES’ delivery of treated, potable water to the AUTHORITY’s system at the AUTHORITY’s Colorado Springs/Stratmoor Hills Terminal Tank for AUTHORITY’s subsequent delivery to the Partner Entities (the “Service”). In exchange for the delivery of treated potable water to the AUTHORITY, the AUTHORITY will make a volume of water subject to the AUTHORITY’s control, use, and allocation equal to the volume of treated water UTILITIES delivered to the Point of Connection into UTILITIES’ excess capacity account in Pueblo Reservoir, in the manner described in Section II. G., below.

- M. UTILITIES currently has infrastructure capacity available in its water system, a sufficient but interruptible supply of fully consumable water, sufficient water conveyance, storage capacity, and water treatment capacity to provide short-term, interruptible delivery to AUTHORITY of the volume of treated water allocated to each FVA Participant during the Outage Period as required under the Water Treatment Contract.
- N. Given that this Agreement is necessary for UTILITIES and AUTHORITY to meet their obligations under the Water Treatment Contract and the Management Agreement, that the connection point between the systems was built for emergency redundancy, and that the provision of Service under this Agreement is temporary and preventative, this Agreement is not a Regional Water Service Agreement contemplated by UTILITIES' Tariffs and the rates and fees applicable to such agreements under the Tariffs do not apply to this Agreement.
- O. UTILITIES entered into this Agreement pursuant to and in accordance with UTILITIES' Excellence in Governance Policy, Utilities Board Instructions to the Chief Executive Officer, Water Supply Management (I-7).

AGREEMENT

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION INCLUDING THE FOREGOING REPRESENTATIONS, IT IS AGREED AS FOLLOWS:

I. DEFINITIONS

- A. For the purposes of this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise:
1. Consecutive System: The Code of Colorado Regulations defines a "Consecutive System" as a Public Water System that receives some or all of its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems pursuant to a separate agreement between all involved parties.
 2. Public Water System: The Code of Colorado Regulations defines a "Public Water System" as a system for the provision to the public of water for human consumption through pipes or other constructed conveyances if such system has at least fifteen service connections or regularly serves an average of at least 25 individuals daily at least 60 days per year.

II. SERVICE

- A. **Term:** This Agreement shall become effective upon the date of the last signature below and remains in effect until 5:00 pm MST on _____, 20__ ("Term"). Should the AUTHORITY provide UTILITIES with notice no later than _____, 20__, that the Outage Period needs to continue beyond _____, 20__, the term may, at Utilities' sole

discretion, be extended through the date for the end of the Outage Period provided in the notice or _____, 20____, whichever comes first. Utilities shall provide AUTHORITY with notice of whether it approves the requested extension of the Term within fourteen days of its receipt of notice from AUTHORITY requesting the extension. Any further extension of the Term will be subject to paragraph II.J.

B. Service: In order for UTILITIES and AUTHORITY to meet their obligations set forth in the Water Treatment Contract and the Management Agreement, UTILITIES agrees to provide the AUTHORITY with Service as contemplated in this Agreement.

C. Point of Connection:

1. UTILITIES shall deliver treated, potable water under this Agreement to the AUTHORITY at the AUTHORITY’s Colorado Springs/Stratmoor Hills Terminal Tank vault located at 2447 Chamberlin South, Colorado Springs, CO 80906, and the water will be deemed delivered as it flows through the meter at that location (Point of Connection).
2. AUTHORITY shall be solely responsible, financially and otherwise, for the operation, maintenance and repair, improvement, including any necessary improvement, repair or maintenance of the Point of Connection that is requested by UTILITIES for the purpose of meeting its obligations under this Agreement. All repair or maintenance of the Point of Connection shall be completed in a timely manner and in accord with standard industry practices.

D. Volumetric Delivery Terms: AUTHORITY shall limit its treated water demand on UTILITIES’ system to an instantaneous flow rate of not more than 5,125 gallons per minute, and a total maximum daily delivery of 7.38 million gallons per day (daily flow limit). UTILITIES may, as it deems necessary and without providing AUTHORITY notice, increase, decrease, or waive these daily and instantaneous flow limits based on system performance to protect UTILITIES’ water system and deliveries to UTILITIES’ customers or other good cause. UTILITIES will make best efforts to provide AUTHORITY timely notice of any changes of this type, unless the delay from doing so would result in material injury to the AUTHORITY’s or the Partner Entities’ infrastructure. UTILITIES shall not be obligated to deliver more than the amount of water allocated to each FVA Participant, as shown in the table below:

Allocated Flow	MGD
Stratmoor Hills	0.54
Fountain	1.78
Fountain Swap	2.25
Security	1.47
Widefield	1.34
Total	7.38

- E. Use of Water:** AUTHORITY agrees not to allow the FVA Participants to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside their existing service territories as of the date of this Agreement or to any entity or person other than the Partner Entities. AUTHORITY further irrevocably commits not to allow FVA Participants to serve water delivered under this Agreement to property located outside of the natural drainage of the Arkansas River or to market, transfer, wheel, or otherwise provide water to properties or entities located outside the natural drainage of the Arkansas River Basin.
- F. Water Rights Unaffected:** No water rights are being transferred to or from UTILITIES or AUTHORITY under this Agreement.
- G. Replacement Water:** UTILITIES will measure the volume and provide accounting to AUTHORITY for all treated water delivered to AUTHORITY pursuant to this Agreement. Such accounting shall be provided to AUTHORITY. In exchange for the treated water provided by UTILITIES under this Agreement, AUTHORITY will credit the designated UTILITIES' account in Pueblo Reservoir for the volume of water delivered to AUTHORITY under this Agreement and will subtract the appropriate volume from the Partner Entities' accounts such that all water delivered by UTILITIES to AUTHORITY under this Agreement will be replaced on a one for one basis. Such replacement shall occur on or before the date set forth in paragraph II.H, below.
- H. Service Rates, Fees, and Billing:** AUTHORITY agrees to pay UTILITIES for water provided pursuant to this Agreement at the "agreement rate", defined as the previous three-month average Colorado Springs SDS Variable Costs as defined in Exhibit C of the Intergovernmental Agreement for the Operations, Maintenance and Replacement of the Southern Delivery System. UTILITIES will bill AUTHORITY monthly in arrears for all treated water provided under this Agreement with payment due within thirty (30) days of the date of billing.
- I. Metering:** All water delivered under this Agreement shall be measured at the previously installed meter located at the Point of Connection and for AUTHORITY's billing purposes the previously installed meters at the point of connection between the AUTHORITY System and each of the FVA Participant's systems. All such meters were installed by AUTHORITY and are owned and operated by AUTHORITY. Testing and calibration of such meters and resolution of any issues related thereto shall be in accordance with the terms set forth in Section 8 of the Water Treatment Contract.
- J. Changes in Terms or Type of Service:** Should AUTHORITY require Service for longer than the Term, request deliveries that exceed the limits outlined in this Agreement, or desire a different type of water service, UTILITIES and AUTHORITY shall either amend this Agreement or renegotiate the Agreement in its entirety. Any such additional Service will be evaluated based on the nature of the situation and may be subject to additional costs and/or requirements in accordance with UTILITIES' then current tariffs, standards, and policies.

III. WATER DELIVERIES

A. Requests for Delivery of Water: AUTHORITY will communicate directly with UTILITIES' System Control as specified in this section and follow up with a written request for delivery of treated water, specifying amounts, rates, and duration, at least three (3) business days prior to the expected delivery date(s). UTILITIES will provide a written response at least one (1) day prior to the requested delivery date accepting, modifying, or denying the request. For the purposes of AUTHORITY requesting service and UTILITIES responding to requests, the term "written" shall include communications by electronic mail to certain electronic mail addresses, which AUTHORITY and UTILITIES shall provide to each other upon execution of this Agreement and keep current through the duration of the Agreement. AUTHORITY shall limit its water demand on UTILITIES' system as specified in paragraph III.D. The initial contacts are set forth below.

1. UTILITIES System Control

- a. Operations Supervisor, Jeremy McBeain
jmcbain@csu.org
(719) 668-4588
(719) 494-6973
- b. System Control Operator, to be acknowledged within 24-hours by Operations Supervisor
(719) 668-4570
- c. Water_accounting@csu.org

2. AUTHORITY System Control

- a. AUTHORITY Operator I
(719) 668-9052
- b. AUTHORITY II Sage Church
schurch@csu.org
(719) 668-9082

B. Delivery Interruptions. UTILITIES may interrupt deliveries of water hereunder due to lack of water supplies, infrastructure failure, system capacity failure, or water quality concerns.

C. Drinking Water Quality Regulatory Compliance; Required Permits: The water provided by UTILITIES to AUTHORITY at the Point of Connection shall be potable water that complies with the Federal Safe Drinking Water Act and the applicable Colorado Primary Drinking Water Regulations (5 C.C.R. 1002-11). Pursuant to §1.8 of the Colorado Primary Drinking Water Regulations, UTILITIES' responsibility regarding the quality of water furnished shall extend only to the Point of Connection. AUTHORITY agrees that its

water system constitutes a Consecutive System and, in accordance with §1.9 of the Colorado Primary Drinking Water Regulations, AUTHORITY is responsible for all applicable monitoring and reporting requirements of the Colorado Primary Drinking Water Regulations of water within AUTHORITY's system.

D. Permits. AUTHORITY will be responsible for obtaining, prior to operation, any applicable permits from any permitting authority or approvals from the Colorado Department of Public Health and Environment to fulfill all purposes of this Agreement. A copy of such approval will be provided to UTILITIES within 30 days of receipt by AUTHORITY to the UTILITIES' contacts set forth in Article V.A below.

E. Consecutive System Disinfection: AUTHORITY and UTILITIES shall comply with the Consecutive Systems Disinfection Protocol set forth in Appendix A during the term of this Agreement.

1. Disinfection pursuant to Appendix A is required when:

- a. The consecutive system is bringing the Point of Connection back into service after repairs or similar event that has compromised the main or opened it to the environment, or
- b. The consecutive system is bringing the Point of Connection back into service after a period of >72 hours of the line being stagnant or empty. UTILITIES may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

2. **Scheduling Requirements:** UTILITIES' Water Quality Assurance requires at least two business days' notice to disinfect for consecutive system use. Notify waterquality@csu.org to schedule for disinfection.

F. Colorado Water Quality Control Act Compliance: If at any time during the effective term of this Agreement AUTHORITY fails to meet the requirements of the Colorado Water Quality Control Act applicable to AUTHORITY and related to the subject matter of this Agreement, and applicable control regulations promulgated and permits issued thereunder, UTILITIES may in its sole discretion suspend deliveries and interrupt its performance of this Agreement, without commensurate extension of the term of this Agreement or liability to the AUTHORITY or any third party, including AUTHORITY's customers, until AUTHORITY has achieved compliance. With or without suspension or interruption by UTILITIES, AUTHORITY, in the event of its failure to meet such requirements applicable to AUTHORITY, shall implement cost-effective solutions to reduce water pollution with the objective of achieving and maintaining water quality in accordance with the applicable designated uses and water quality standards established by the Water Quality Control Commission and discharge permit limits imposed by the Water Quality Control Division on AUTHORITY. In the event UTILITIES fails to meet the requirements of the Colorado Water Quality Control Act and applicable regulations thereunder, UTILITIES shall notify AUTHORITY in the same manner as its other customers, and AUTHORITY shall have

the same rights and remedies as provided to UTILITIES, including the option of requesting the suspension of the delivery of water under this Agreement until such time as UTILITIES has achieved compliance.

IV. STANDARD TERMS AND CONDITIONS

- A. Legal Notice:** Notices under this Agreement, other than AUTHORITY's requests for water and UTILITIES' responses to such requests, shall be given in writing, signed by an authorized representative of the party giving notice. Telephonic or email notice is not acceptable. Notices shall be delivered by courier service delivery (such as Federal Express) or by first-class mail to the people specified below at the following addresses:

For UTILITIES:

1. Manager, Water Resources

Courier Service Address:

Colorado Springs Utilities
ATTN: Manager, Water Resources
1525 S. Hancock Expressway
Colorado Springs, CO 80906

United States Postal Service Address:

Colorado Springs Utilities
ATTN: Manager, Water Resources
P.O. Box 1103, MC 1825
Colorado Springs, CO 80947-1825

2. City Attorney's Office – Utilities Division:

City Attorney's Office
ATTN: City Attorney's Office – Utilities Division
30 South Nevada Ave., Suite 501
P.O. Box 1575, Mail Code 510
Colorado Springs, CO 80901-1575

For AUTHORITY:

1. Sage Church - Superintendent

Fountain Valley Water Treatment Plant
13250 Ray Nixon Road
Fountain CO 80817
(719)668-9082

2. President, Fountain Valley Authority
456 West Fontanero Street
PO Box 1103, 1210
Colorado Springs CO 80907
3. Attorney, Carlson, Hammond & Paddock, LLC
Karl Ohlsen
1900 N Grant Street, Suite 1200
Denver, CO 80203

- B. Termination:** AUTHORITY acknowledges and consents to UTILITIES' right to terminate deliveries of water under this Agreement due to a significant interruption of water supplies, a substantial disruption (including, but not limited to, legal challenges impacting the water system, and maintenance and repair to the infrastructure) to UTILITIES' water system, or AUTHORITY's breach of a material term or condition of this Agreement or as otherwise authorized by the City Code of Colorado Springs. To the extent UTILITIES has actual knowledge, UTILITIES will notify the AUTHORITY of circumstances that could result in such termination.
- C. Legal Compliance:** AUTHORITY shall be solely responsible for obtaining and complying with all administrative or judicial approvals necessary to accomplish the provision of water service and water conveyance by UTILITIES to AUTHORITY under this Agreement. UTILITIES will cooperate as reasonably requested by the AUTHORITY in any application or proceedings to obtain such approvals.
- D. City of Colorado Springs Compliance:** AUTHORITY agrees to comply with all applicable ordinances, regulations and rules concerning the connection to and use of UTILITIES' water system by AUTHORITY.
- E. No Assignment without Consent; No Third-Party Beneficiary:** There shall be no assignment of the rights or obligations contained in this Agreement by either Party without the prior written consent by the other Party, and any such assignment shall be null and void. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than UTILITIES and the AUTHORITY.
- F. Governing Law, Jurisdiction and Venue:** This Agreement shall be construed in accordance with the laws of the State of Colorado (except for its conflict of law provisions) as well as the Colorado Springs City Charter and the City Code. The place of performance and transaction of business shall be deemed to be in the County of El Paso, State of Colorado. In the event of litigation, the exclusive venue and place of jurisdiction shall be El Paso County, Colorado and, if necessary, for exclusive federal questions, the United States District Court for the District of Colorado.
- G. Force Majeure:** Neither Party shall be liable for delays in performing its obligations to the extent the delay is caused by an unforeseeable condition beyond its reasonable control

without fault or negligence, including strikes, riots, wars, floods, fires, explosions, acts of nature, acts of government, or labor disturbance.

H. Appropriation of Funds:

1. UTILITIES: This Agreement is expressly made subject to the limitations of the Charter of the City of Colorado Springs. Nothing herein shall constitute, nor be deemed to constitute, the creation of a debt or multi-year fiscal obligation or an obligation of future appropriations by the City Council of Colorado Springs or any other constitutional, statutory, or charter debt limitation. Notwithstanding any other provision of this Agreement, with respect to any financial obligations of UTILITIES that may arise under this Agreement in any fiscal year after the year of execution, in the event the budget or other means of appropriation for any such year fails to provide funds in sufficient amounts to discharge such obligation, such failure (i) shall act to terminate this Agreement at such time as the then-existing and available appropriations are depleted, and (ii) neither such failure nor termination shall constitute a default or breach of this Agreement by UTILITIES.
2. AUTHORITY: The AUTHORITY is an “enterprise” for purposes of Article X, § 20 of the Colorado Constitution, or any other constitutional, statutory, or charter debt limitation, and this Agreement does not affect its enterprise status. The funds for the current year’s activities related to this Agreement have been fully appropriated. AUTHORITY agrees to use good faith efforts to seek the appropriation of sufficient funds to allow AUTHORITY to fully and timely perform its obligations under this Agreement for each fiscal year that occurs during the term of this Agreement. In the event funds are not appropriated in whole or in part sufficient for performance of all of AUTHORITY’s obligations under this Agreement that are to be performed in the next calendar year, or appropriated funds may not be expended due to applicable spending limitations, then all rights and obligations of AUTHORITY under this Agreement will terminate, and AUTHORITY will thereafter have no liability for compensation or damages to UTILITIES in excess of AUTHORITY’s authorized appropriation for this Agreement or the applicable spending limit, whichever is less. AUTHORITY shall notify UTILITIES as soon as reasonably possible in the event of a non-appropriation or in the event a spending limit becomes applicable that impacts AUTHORITY’s ability to perform its obligations under this Agreement.

- I. **Entire Agreement; Modifications to be in Writing:** This Agreement, including any and all appendices and exhibits attached hereto, contains the entire understanding between the Parties. No modification, amendment, notation, or other alteration to this Agreement shall be valid or any force or effect unless mutually agreed to by the Parties in writing as an addendum to this Agreement. At the time of the execution of this Agreement, there are no other terms, conditions, requirements, or obligations affecting this Agreement which are not specifically set forth therein. Electronic mail and all other electronic (including voice) communications from UTILITIES, except as otherwise specifically provided herein, in connection with this Agreement, are for informational purposes only. No such communication is intended by UTILITIES to constitute either an electronic signature or to

constitute any agreement by UTILITIES to conduct a transaction by electronic means. Any such intention or agreement is hereby expressly disclaimed.

J. No Precedent; Severability: The Parties agree that neither of them intends that this Agreement shall in any way constitute a precedent or standard for any future Agreement, nor vest any rights in either Party or any third party for novation, renewal, modification, or addition of any other rights or services on account of this Agreement's existence, as it is based solely on unique conditions currently existing at the time of execution. Any provision or part of this Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be binding upon the Parties and this agreement shall be reformed to replace such stricken provisions with a new provision that comes as close as possible to expressing the intention of the stricken provision.

K. Execution in Counterparts: This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates set forth below.

**COLORADO SPRINGS UTILITIES,
AN ENTERPRISE OF THE CITY OF COLORADO
SPRINGS, A HOME RULE CITY AND COLORADO
MUNICIPAL CORPORATION**

By: _____

Name: TBD

Title: Chief Executive Officer

Date: _____

APPROVED AS TO FORM:

By: _____

City Attorney's Office – Utilities Division

**FOUNTAIN VALLEY AUTHORITY,
A POLITICAL SUBDIVISION OF THE
STATE OF COLORADO**

By: _____

Name: Abigail Ortega

Title: President

Date: _____

AWAITING VERIFICATION

Board Memo Agenda Item

Staff Report

Date: May 17, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Clean Heat Plan

NARRATIVE:

Desired Action: Discussion

Executive Summary: Colorado Senate Bill 21-264 requires gas distribution utilities with more than 90,000 customers to submit a Clean Heat Plan to the Air Pollution and Control Division. The Clean Heat Plan shall demonstrate the following:

- Greenhouse gas emission reduction by 4% below 2015 levels or meeting a cost cap of 2% of total full-service gas revenue.
- Greenhouse gas emission reduction by 22% below 2025 levels or meeting a cost cap of 2.5% of total full-service gas revenue.

The Clean Heat Plan must be approved by the Utilities Board and then submitted to the Air Pollution and Control Division by Aug. 1, 2023.

Benefits: Reduce greenhouse gas emissions on natural gas system and meet state regulations.

Board Policy: I-12 Environmental Stewardship

Cost/Budget: To be determined.

Affected Parties: Colorado Springs Utilities' rate payers, environmental advocacy groups, disproportionately impacted communities, Colorado Energy Office and other stakeholders

Alternatives: N/A

Submitter: David Longrie	Email address: dlongrie@csu.org
Division/ Department: System Planning and Projects (SPP)/Energy Resource Planning & Innovation	Phone number: 719-668-8776
	Date submitted: April 24, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 9



Colorado Springs Utilities
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Clean Heat Plan

David Longrie, Manager Energy Resource Planning and Innovation

May 17, 2023

Clean Heat Plan (CHP) Overview

- Colorado Senate Bill 21-264, signed June 2021
- Requires gas utilities with more than 90,000 retail customers to develop, file, and receive approval of comprehensive clean heat plans designed to reduce greenhouse gas (GHG) emissions per the table below
- Municipal gas distribution utility shall submit its CHP to the Air Pollution Control Division (Division) no later than August 1, 2023 for verification

Year	Goal	Requirement
2025	4% reduction in GHG below 2015 levels	Cost cap 2% of total revenue from full-service gas customers
2030	22% reduction in GHG below 2015 levels	Cost cap 2.5% of total revenue from full-service gas customers

Regulatory Considerations



- Regulatory differences
 - Investor-owned utilities (IOUs) - Colorado PUC
 - PUC provided rules to the IOUs relating to the planning and implementation of SB 21-264
 - Decision No C22-0760
 - Colorado Springs Utilities – **Utilities Board act as PUC**
 - Colorado Springs Utilities, as a municipal utility, must set rules for compliance within legislative provisions
 - Should show awareness of PUC direction, as applicable
 - Team will propose definitions and methodology used to evaluate the CHP

CHP Public Process

- CHP must include a robust public process
- Public process will educate and bring awareness to our customers of the requirements and the incentives available
 - Key stakeholders include environmental advocacy groups and disproportionately-impacted communities
 - Reporting to the CDPHE detailing a robust public process
- Stakeholders will be able to provide feedback that will be taken into consideration before submittal of CHP

Public meeting took place on May 8



Review Clean Heat Plan Guidance Document

Guidance Document is in the packet

- Colorado Springs Utilities will utilize clean heat resources to the maximum extent practicable and count greenhouse gas emission reductions resulting from the use of those resources
- Utilities shall calculate a baseline level of emissions for calendar year 2015.
- Utilities shall exclude emissions from its power plants served by Utilities' gas distribution system as those emissions are accounted for under Utilities' Clean Energy Plan.

Utilities will use 2015 actual revenue adjusted for the GCA balance; annual cost impact \$2.5 - \$4 million

Clean Heat Plan Application

- Utilities' clean heat plan application shall:
 - present a plan to implement clean heat resources throughout the clean heat plan action period;
 - demonstrate that the clean heat plan will result in greenhouse gas emissions reductions necessary to meet the applicable clean heat targets **or show compliance with the cost cap**; and
 - demonstrate that the activities contemplated in the clean heat plan facilitates Utilities' ability to meet future greenhouse gas emission reduction targets.
- No later than **Aug. 1, 2023**, the largest municipal gas distribution utility in Colorado, as determined by the volume of gas sold in Colorado, shall file its first application for approval of a clean heat plan.

Portfolios Required

- Utilities shall present the following portfolios of clean heat resources:
 - At least one portfolio shall use the maximum amount of clean heat resources practicable and also comply with a 2.0/2.5% annual retail cost impact cap;
 - This portfolio may or may not meet the clean heat target in the applicable plan period, but must demonstrate reductions in methane emissions;
 - At least one portfolio shall meet the clean heat target regardless of the annual retail cost impact of such portfolio;
 - Utilities may present other alternative portfolios;
 - Utilities shall identify a preferred portfolio that best balances, given the information available, the goals of maintaining just and reasonable rates, maintaining system safety, reliability, and resiliency, protecting disproportionately impacted communities, and contribution to statewide progress on meeting the greenhouse gas emission reduction goals established in § 25-7-102(2)(g), C.R.S.,

Demand Side Management (DSM)

- Utilities shall provide a prospective gas DSM plan demonstrating Utilities' proposed expenditures by year for each DSM program
- We provide a robust list of incentives for low energy use including:
 - Energy efficient appliance rebates
 - Natural gas furnace: \$250
 - Air source or ductless heat pump: \$500
 - Cold climate air source heat pump: \$1,000
 - Natural gas water heater: \$50
 - Heat pump water heater: \$200
 - Commercial Building Efficiency Program
- Save with free online efficiency tools
 - Home Energy Saver tool
 - My Usage tool: track your electricity, natural gas and water use.

Next Steps

- Will present Clean Heat Plan at special meeting June 29
- Must submit approved plan by Aug. 1, 2023





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AWAITING VERIFICATION

Senate Bill 21-264 – Clean Heat Plan which **requires** municipal gas distribution utilities to develop, file, and receive approval of comprehensive clean heat plans designed to reduce greenhouse gas (GHG) emissions per the table below. This plan shall be submitted to the Air Pollution Control Division (Division) **no later than August 1, 2023 for verification**. The Bill defines a municipal gas distribution utility as a municipally owned utility that provides gas service to more than 90,000 customers.

Year	Target	Requirement
2025	4% reduction in GHG below 2015	Cost cap 2% of total revenue from full-service gas
2030	22% reduction in GHG below 2015	Cost cap 2.5% of total revenue from full-service gas

Key Assumptions

- “Cost cap” means a maximum cost impact to full-service customers as defined in this document equal to the year **2015 actual revenue** adjusted for the Gas Cost Adjustment (GCA) balance and for transport customers that converted to firm service since year 2014. Annual cost cap expenditures could range from \$2.5 – \$4 million, depending on year.
- “Retail sales” means sales from full-service customers **excluding** transportation customers, customers reporting under CFR 40 Part 98, and power plant customer volumes reported in Colorado Springs Utilities Clean Energy Plan.
- The cost of carbon dioxide emissions shall be based on the most recent social cost of carbon dioxide developed by the federal government, in accordance with the following:
 - The cost of carbon dioxide emissions starting in 2020, shall not be less than the base cost of **\$68.00 per metric ton** in 2020 dollars per Colorado House Bill 21-1238;
 - The social cost of methane emissions, starting in 2020, shall not be less than the base cost of **\$1,756 per metric ton** in 2020 dollars per Colorado House Bill 21-1238;
- The **Utilities Board shall approve** a clean heat plan, including the associated forecasts if it finds the plan to be **in the public interest**.
 - The clean heat resources include any one or combination of the following resources:
 - Demand side management (DSM)
 - Recovered methane
 - Green hydrogen
 - Beneficial electrification programs
 - Pyrolysis of tires
 - Any other technology approved by the Utilities Board that is cost effective and results in a reduction of carbon emissions from the gas utility and is approved by the Air Pollution Control Division
 - In evaluating whether the clean heat plan is in the public interest, the UB shall consider the following factors:
 - whether the plan achieves the clean heat targets using clean heat resources that, in aggregate, maximize greenhouse gas emission reductions...
 - whether the plan can be implemented at the lowest reasonable cost and rate impact, considering savings to customer bills...
 - whether the plan provides air quality and environmental, benefits in addition to the greenhouse gas emission reductions;

- whether Utilities has demonstrated the investments in the clean heat plan prioritize serving customers participating in income-qualified programs and communities historically impacted by air pollution and other energy-related pollution;
- whether the plan presents risks to Utilities' customers, including the risk of market volatility and the risk of stranded investment costs;
- whether the plan maintains system safety and reliability.
- Colorado Springs City Council may approve a utility's proposed rate adjustment clause or structure that allows for current recovery of Utilities' clean heat plan costs.
- No later than December 1, 2024, the Air Pollution Control Division, shall determine a mass-based clean heat target for the Utilities clean heat plans for year 2035 using the 2015 baseline.
- No later than December 1, 2032, the Air Pollution Control Division, shall determine the mass-based clean heat targets for years 2040, 2045, and 2050 using the 2015 baseline.

Key Considerations

- Utilities Board must set rules for compliance within legislative provisions
 - The PUC provided these rules for the Investor-Owned Utilities
- Electrification of the natural gas system will increase load on the electric system

AWAITING VERIFICATION

This document states Colorado Springs Utilities Board's basis and direction for regulating its' municipal utility's Clean Heat Plan promulgated in Colorado SB 21-264. Colorado Springs Utilities (Utilities) Clean Heat Plan (CHP) is not regulated by the Colorado Public Utilities Commission under SB21-264 or Colorado Revised Statutes (C.R.S.) Title 40. The basis and purpose of this methodology document sets forth methodology and guidance for developing, approving and submission of Colorado Springs Utilities Clean Heat Plan to state regulatory authorities while balancing, customer choice, obligations to serve, just and reasonable rates, ensure system safety, reliability, and resiliency, protect disproportionately impacted communities, and reduce greenhouse gas emissions from the use of gas by customers and from leaks in its' gas distribution facilities. The statutory authority for this guidance is the Colorado Springs Utilities Board Bylaws and the Colorado Springs Utilities Board Excellence in Governance Policy Manual.

GENERAL PROVISIONS

1. DEFINITIONS

The following definitions apply throughout this document:

- (a) "Air Pollution Control Division" (APCD) means the Air Pollution Control Division of the Colorado Department of Public Health and Environment established by § 25-1-102(2)(a), C.R.S.
- (b) "Air Quality Control Commission" (AQCC) means the decision-making body within the Colorado Department of Public Health and Environment established by § 25-7-104, C.R.S., to oversee and promulgate the rules to administer Colorado's air quality programs.
- (c) "Beneficial electrification" means converting the energy source of a customer's end use from a nonelectric fuel source to a high-efficiency electric source, or avoiding the use of nonelectric fuel sources in new construction or industrial applications, if the result of the conversion or avoidance is to:
 - (I) Reduces net greenhouse gas emissions over the lifetime of the conversion or avoidance;
 - (II) Reduces system costs for the Utility's customers; and
 - (III) Provides for a more efficient utilization of grid resources.
- (d) "Biomethane" means:
 - (I) a mixture of carbon dioxide and hydrocarbons released from the biological decomposition of organic materials that is primarily methane and provides a net reduction in greenhouse gas emissions when it replaces geologic gas; and

(II) includes biomethane recovered from manure management systems or anaerobic digesters that has been processed to meet pipeline quality gas standards.

- (e) "Clean Heat Plan" (CHP) means a comprehensive plan submitted by a municipal gas distribution utility that demonstrates projected reductions in methane and carbon dioxide emissions that, together, meet the reductions required by statute at the lowest reasonable cost.
- (f) "Clean heat resources" means reduction in carbon emissions from the combustion of gas in customer end uses or meets a recovered methane protocol approved by the Air Quality Control Commission. See planning rule 10 for additional details.
- (g) "Cost cap" means a maximum cost impact to full-service customers as defined in this document equal to the year 2015 actual revenue adjusted for the Gas Cost Adjustment (GCA) balance and for transport customers that converted to firm service since year 2014. This cost cap is defined as two percent of total annual revenue from full-service gas customers in achieving the 2025 target and two and one-half percent of total annual revenue from full-service gas customers in achieving the 2030 target.
- (h) "Customer" means any person who is currently receiving utility gas service. Any person who moves within Utilities' service territory and obtains utility service at a new location within 30 days shall be considered a "customer." Unless stated in a particular rule, "customer" applies to any class of customer as defined by Utilities' tariffs.
- (i) "Dekatherm" (Dth) means a measurement of gas commodity heat content. One Dekatherm is the energy equivalent of 1,000,000 British Thermal Units (1 MMBtu).
- (j) "Dedicated recovered methane pipeline" means a conveyance of recovered methane that is not a part of a common carrier pipeline system, and which conveys recovered methane from where it is generated to a common carrier pipeline or to the end user in Colorado for which the recovered methane was produced so long as the recovered methane replaces geologic gas.
- (k) "Disproportionately impacted community" means a geographic area defined by the Colorado Department of Public Health and Environment,
- (l) "Distribution system" means Utilities-owned piping and associated facilities used to deliver gas to customers, excluding production, storage, or transmission facilities.
- (m) "Energy assistance organization" means the nonprofit corporation established for low-income energy assistance pursuant per Home Efficiency Assistance Program (HEAP) requirements.
- (n) "Full-service customer" means a customer who receives gas sales service from Colorado Springs Utilities and is not served under a gas transportation service rate

schedule, and excludes customers reporting under 40 CFR Part 98, and power plant volumes reported in Colorado Springs Utilities Clean Energy Plan.

- (o) "Gas" means natural or geological gas; hydrogen, or recovered methane, or any mixture thereof transported by a common carrier or dedicated pipeline; flammable gas; manufactured gas; petroleum or other hydrocarbon gases including propane; or any mixture of gases injected into a pipeline and transmitted, distributed, or furnished by Utilities.
- (p) "Green hydrogen" means hydrogen derived from a clean energy resource as defined in section 40-2-125.5 (2)(b), C.R.S. (2023), that uses water as the source of the hydrogen. for purposes of a clean heat plan, a green hydrogen project may include associated clean energy generation, transmission, and other infrastructure.
- (q) "Greenhouse gas" has the meaning set forth in section 25-7-140 (6), C.R.S., measured in terms of carbon dioxide equivalent.
- (r) "Income-qualified utility customer" or "low-income customer" is a customer whose gross household income is at or below 60% of the State Median Income.
- (s) "Local distribution company" (LDC) means any person, other than an interstate pipeline or an intrastate transmission pipeline, engaged in the sale and distribution of gas for end-user consumption. A LDC may also perform transportation services for its end-use customers, for another LDC or its end-use customers, as authorized under its effective Colorado Springs Utilities tariffs.
- (t) "Lowest reasonable cost" means a reasonable-cost mix of clean heat resources that meet clean heat targets established pursuant to Colorado Springs Utilities Clean Heat Plan as determined through an analysis of available technologies and includes resource costs, risks to ratepayers, systems operations costs, infrastructure costs, the social cost of carbon, and the social cost of methane in comparing the costs and benefits of alternatives, and other costs and benefits as determined by the Utilities Board.
- (u) "Main" means a distribution line that serves, or is designed to serve, as a common source of supply for more than one service lateral.
- (v) "Mcf" means 1,000 standard cubic feet (scf).
- (w) "MMBtu" means 1,000,000 British Thermal Units, or one Dekatherm.
- (x) "Municipal gas distribution utility" means a municipally owned utility that provides gas service to more than ninety thousand customers.
- (y) "Natural gas" or "geological gas" means methane or other hydrocarbons that occur underground without human intervention and may be used as fuel.
- (z) "Non-pipeline alternative" means energy efficiency, demand response, and beneficial electrification.
- (aa) "Pipeline system" means the Utilities owned piping and associated facilities used in the transmission or distribution of gas.

- (bb) "Pyrolysis" means the thermochemical decomposition of material at elevated temperatures without the participation of oxygen.
- (cc) "Recovered methane" means any of the following that are located in the State of Colorado and meet the recovered methane protocol approved by the Air Quality Control Commission: biomethane; methane derived from municipal solid waste, the pyrolysis of municipal solid waste, biomass pyrolysis or enzymatic biomass, or wastewater treatment; coal mine methane as defined in the capture of which is not otherwise required by law; or methane that would have leaked without repairs of the gas distribution or service pipelines from the city gate to customer end use.
- (dd) "Retail sales" means sales from full-service customers excluding transportation customers, customers reporting under CFR 40 Part 98, and power plant customer volumes reported in Colorado Springs Utilities Clean Energy Plan served by Colorado Springs Utilities gas distribution system.
- (ee) "Sales service" means a bundled gas utility service in which Utilities both purchases gas commodity for resale to the customer and delivers the gas to the customer.
- (ff) "Standard conditions" means gas at a temperature of 60 degrees Fahrenheit and subject to an absolute pressure equal to 14.73 pounds per square inch absolute.
- (gg) "Transportation customer" means a person who, by signing a gas transportation agreement, elects to subscribe to gas transportation service offered by Colorado Springs Utilities.
- (hh) "Utilities Board" (UB) means the citizen owner elected officials that have the responsibility for governing Colorado Springs Utilities, also service as the Colorado Springs City Council

BILLING AND SERVICE

2. Colorado Low-Income Energy Assistance Act (LEAP)

- (a) Utilities as a municipally owned gas and electric Utilities is exempt from LEAP.
- (I) Utilities operates an alternative energy assistance program to support its eligible customers with their energy needs and self-certifies to UB through a written statement that its program meets the following criteria:
- (A) the amount and method for funding of the program has been determined by Utilities' governing body; and
- (B) the program monies are collected and distributed in a manner and under eligibility criteria determined by UB for the purpose of residential energy assistance to customers who are challenged with paying energy bills for financial reasons, including seniors on fixed incomes, individuals with disabilities, and low-income individuals.

GREENHOUSE GAS EMISSIONS.

3. Definitions

- (a) "Federal technical support document" shall mean the 2016 technical support document of the Federal Interagency Working Group on Social Cost of Greenhouse Gases, entitled "Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866" or the most recently available successor of the 2016 federal technical support document. Application of the Methodology to Estimate the Social Cost of Methane and the Social Cost of Nitrous Oxide."

4. Measurement and Accounting

- (a) Greenhouse gas emissions shall include methane and carbon dioxide emissions measured separately in metric tons and presented in carbon dioxide equivalent. Baseline emissions, system-wide emissions, and reductions in emissions shall be based on the most recent clean heat workbook published by the Air Pollution Control Division, to guide the proper calculation and reporting of both carbon dioxide and methane emissions.

(I) Utilities may establish its baseline emissions using default emission rate factors. All emissions are metric tons of carbon dioxide equivalent as reported to the federal environmental protection agency pursuant to 40 CFR 98, either subpart W (methane) or subpart NN (carbon dioxide), or successor reporting requirements; except that APCD shall use the AR-4 one-hundred-year global warming potential, or any greater successor value determined by the federal environmental protection agency (SB21-264). Colorado Springs Utilities may adjust its future baseline emissions based on empirical data of distribution system methane leakage emissions, provided that:

(A) the measured leakage data utilizes advanced leak detection technologies and approaches, as certified by the Air Pollution Control Division; and

(B) continues to use advanced leak detection technologies and approaches for all future measurement years.

5. Social Cost of Carbon and Social Cost of Methane.

- (a) The cost of carbon dioxide emissions shall be based on the most recent social cost of carbon dioxide developed by the federal government, in accordance with the following:

(I) the cost of carbon dioxide emissions starting in 2020, shall not be less than the base cost of \$68.00 per metric ton in 2020 dollars per Colorado House Bill 21-1238;

(II) Utilities staff shall update the social cost of carbon values to the present dollar year for each year after 2020 by applying an escalation rate equal to or

greater than the escalation rates established in the federal technical support document.

- (b) For net present value calculations of the social cost of carbon dioxide emissions, Colorado Springs Utilities shall use a discount rate equal to the lesser of 2.5 percent or the discount rate established by the federal technical support document.
- (c) The cost of methane emissions shall be established by UB based on the values set forth in the federal technical support document or on the federal government's most recent assessment of the global cost of methane as updated to reflect the latest available values derived from peer-reviewed, published studies, in accordance with the following:
 - (I) the social cost of methane emissions, starting in 2020, shall not be less than the base cost of \$1,756 per metric ton in 2020 dollars per Colorado House Bill 21-1238;
 - (II) Utilities staff shall update the annual social cost of methane emissions values to the present dollar year for each year after 2020 by applying an escalation rate equal to or greater than the escalation rates established in the federal technical support document or the addendum to the 2016 federal technical support document if the social cost of methane is not included in the federal technical support document.
- (d) For net present value calculations of the social cost of methane emissions, Utilities shall use a discount rate equal to the lesser of 2.5 percent or the discount rate established by the federal technical support document.

CLEAN HEAT PLANS

6. Overview and Purpose

Consistent with statutory requirements including the statewide greenhouse gas pollution goals set forth in § 25-7-102(2)(g), C.R.S., the purpose of a clean heat plan is to maximize methane and carbon dioxide emissions caused by Colorado Springs Utilities retail gas sales while also maintaining just and reasonable rates, maintaining system safety, reliability and resiliency, and prioritizing investments in disproportionately impacted communities. Colorado Springs Utilities will utilize clean heat resources to the maximum extent practicable and count greenhouse gas emission reductions resulting from the use of those resources.

7. Definitions

- (a) "Clean heat plan total period" means the period from the date the clean heat plan application is filed through year 2050, or 20 calendar years, whichever is greater.
- (b) "Clean heat plan action period" means the period beginning the date the plan is filed and extending until December 31st of the fifth year from the filing date.
- (c) "Clean heat plan informational period" means the period from the end of the clean heat plan action period through the end of the clean heat plan total period.

- (d) “Green hydrogen” means hydrogen derived from water and a clean energy resource.
- (e) “Recovered methane credit” means a tradable instrument that represents a greenhouse gas emission reduction or greenhouse gas removal enhancement of one metric ton of carbon dioxide equivalent. The greenhouse gas emission reduction or greenhouse gas removal enhancement must be real, additional, quantifiable, permanent, verifiable, and enforceable. No recovered methane credit may be issued if the greenhouse gas emission reduction or greenhouse gas removal enhancement that the credit would represent is required or accounted for by a proposed or final federal, state, or local rule or regulation.
- (f) “Recovered methane protocol” means a set of procedures and requirements established by the Air Quality Control Commission to quantify ongoing greenhouse gas emission reductions or greenhouse gas removal enhancements achieved by a recovered methane project and to calculate and track the project outcomes.

8. Clean Heat Targets

- (a) Clean heat targets shall align with the statewide greenhouse gas emission reduction goals set forth in § 25-7-102(2)(g), C.R.S.
- (b) Baseline.
 - (I) Utilities shall calculate a baseline level of emissions for calendar year 2015.
 - (II) Utilities shall exclude the emissions of customers, and to the extent practicable identify those customers and their associated load, that report their own greenhouse gas emissions to the United States Environmental Protection Agency under applicable federal law.
 - (III) Utilities shall exclude emissions of customers taking service under Utilities’ transportation tariff adjusted for transportation customers who converted to firm service since year 2015.
 - (IV) Utilities shall exclude emissions from its power plants served by Utilities’ gas distribution system as those emissions are accounted for under Utilities’ Clean Energy Plan.
- (c) Targets.
 - (I) The following clean heat targets apply:
 - (A) four percent reduction in greenhouse gas emissions in calendar year 2025 as compared to a 2015 baseline, of which not more than one percent (one-fourth of the emission reductions required to meet the 2025 target) can be from recovered methane;
 - (B) 22 percent reduction in greenhouse gas emissions in calendar year 2030 as compared to a 2015 baseline, of which not more than five percent (five-twenty seconds of the emission reductions required to meet the 2030

target) can be from recovered methane, unless subparagraph (C) below applies;

(C) Utilities' clean heat plan may exceed the recovered methane caps set forth above in subparagraphs (A) and (B) if UB finds that Utilities otherwise could not cost-effectively meet the clean heat targets and that exceeding the recovered methane caps is in the public interest.

(II) No later than December 1, 2024, the Air Pollution Control Division, shall determine a mass-based clean heat target for the Utilities clean heat plans for year 2035 using the 2015 baseline.

(III) No later than December 1, 2032, the Air Pollution Control Division, shall determine the mass-based clean heat targets for years 2040, 2045, and 2050 using the 2015 baseline.

(d) For clean heat targets beginning in year 2035, the maximum amount, if any, of each target reduction in greenhouse gas emissions that may be from recovered methane shall be determined by the Air Quality Control Commission if such maximum levels promote investment in Colorado communities, reduce greenhouse gas emissions, are cost-effective, and are in the public interest.

9. Filing Form and Schedule

(a) Utilities' clean heat plan shall be filed with the Colorado Air Pollution Control Division using the APCD Workbook

(b) Utilities' clean heat plan application shall:

(I) present a plan to implement clean heat resources throughout the clean heat plan action period;

(II) demonstrate that the clean heat plan will result in greenhouse gas emissions reductions necessary to meet the applicable clean heat targets or show compliance with the cost cap; and

(III) demonstrate that the activities contemplated in the clean heat plan facilitates Utilities' ability to meet future greenhouse gas emission reduction targets.

(c) No later than August 1, 2023, the largest municipal gas distribution utility in Colorado, as determined by the volume of gas sold in Colorado, shall file its first application for approval of a clean heat plan.

(d) Utilities shall file subsequent clean heat plans not less often than every four years, unless otherwise directed by the APCD.

10. Clean Heat Resources

(a) Clean heat resources include any one or a combination of the following resources:

(I) demand side management;

(A) the APCD will ensure that any emissions reductions achieved through gas demand side management programs are appropriately accounted for in accordance with § 25-7-102(2)(g), C.R.S.

(II) recovered methane;

(A) All recovered methane shall be represented by a recovered methane credit, issued subject to a recovered methane protocol approved by the Air Quality Control Commission.

(B) All recovered methane projects shall be located in Colorado and shall be delivered within Colorado through a dedicated recovered methane pipeline or through a common carrier pipeline.

(C) Any recovered methane credit or other tradable and severable mechanism representing the emission reduction attributes of a clean heat resource shall be retired in the year generated and may not be sold by Utilities or Utilities' customer.

(D) Utilities may count emissions reductions represented by the retirement of a recovered methane credit that was retired prior to its clean heat target year. Utilities may only count emissions reductions represented by a methane credit one time toward achieving any clean heat target.

(E) Repairs to the Utilities' distribution system qualify as a clean heat resource. Recovered methane from such repairs must meet a recovered methane protocol approved by the Air Quality Control Commission and be determined cost-effective based on actual reductions in methane achieved.

(III) green hydrogen;

(IV) beneficial electrification programs;

(V) pyrolysis of tires that meets a recovered methane protocol approved by Air Quality Control Commission; and

(VI) any other technology approved by UB that the UB finds is cost effective and that the Air Pollution Control Division finds it results in a reduction in carbon emissions from the combustion of gas in customer end uses or meets a recovered methane protocol approved by the Air Quality Control Commission.

(b) A clean heat resource shall not include a change in service by a customer from sales service to transportation service. Utilities shall address changes from sales service to transportation service by Utilities' customers as such changes relate to baseline emissions, projected emissions, and clean heat targets in evaluating whether a clean heat plan is in the public interest.

11. Clean Heat Plan Application Requirements.

(a) Initial forecasts.

(I) Utilities shall present a reference (base), forecast of sales, customer counts, throughput by Dth's and volumes of green hydrogen, recovered methane, and total gas, and system-wide greenhouse gas emissions.

(A) All forecast elements shall be provided for the total utility and by customer categories, for each year of the clean heat plan action period and in five-year increments during the clean heat plan informational period.

(B) Utilities will document the data, assumptions, methodologies, models, determinants, and any other inputs upon which it relied to develop forecasts.

(C) The greenhouse gas emissions forecast should be based on the latest workbook developed by the Air Pollution Control Division.

(D) Forecasts will incorporate projections of customer growth and sales.

(b) Portfolios

(I) Utilities shall present the following portfolios of clean heat resources:

(A) at least one portfolio shall use the maximum amount of clean heat resources practicable and also comply with a 2.0/2.5 percent annual retail cost impact cap; This portfolio may or may not meet the clean heat target in the applicable plan period, but must demonstrate reductions in methane emissions;

(B) at least one portfolio shall meet the clean heat target regardless of the annual retail cost impact of such portfolio;

(C) Utilities may present other alternative portfolios;

(D) Utilities shall identify a preferred portfolio that best balances, given the information available, the goals of maintaining just and reasonable rates, maintaining system safety, reliability, and resiliency, protecting disproportionately impacted communities, and contribution to statewide progress on meeting the greenhouse gas emission reduction goals established in § 25-7-102(2)(g), C.R.S.,

(c) Portfolio forecasts.

(I) For each portfolio presented, Utilities shall provide the forecasts updated to include the set of actions proposed in the respective portfolio for each year of the clean heat plan action period and every fifth year during the clean heat plan informational period.

(d) Components of a portfolio.

(I) For each portfolio presented, Utilities shall provide, on a portfolio basis:

(A) identification of the proposed clean heat resources;

(B) the annual and total cost for implementing the portfolio;

- (C) the annual and total cost for implementing the portfolio in income-qualified or disproportionately impacted communities;
- (D) the annual and cumulative projected greenhouse gas emissions and reduction in emissions from the baseline emission level;
- (E) an analysis of the retail cost impact; and
- (F) a description of the effects of the proposed actions and investments in the portfolio on the safety, reliability, and resilience of Utilities' gas service.

(II) For each portfolio presented, Utilities shall quantify, as practicable, on a clean heat resource category basis:

- (A) the annual and total cost for each clean heat resource category;
- (B) the proportion of programs that benefit disproportionately impacted communities, or customers who meet the requirements for income-qualified programs.

(e) Green hydrogen.

(I) If one or more proposed portfolios include green hydrogen as a clean heat resource, Utilities shall present an analysis demonstrating its distribution system can safely carry the expected concentrations and volumes of hydrogen, the locations of the system where the green hydrogen is intended to be introduced and transported. Utilities will also present a plan to monitor and verify the impact of injecting and transporting hydrogen over time to ensure the continued safety and reliability of the system.

(f) Cost Recovery.

(I) Utilities may propose a rate adjustment that provides for recovery of Utilities' clean heat plan costs, or any costs incurred to meet additional emission reduction requirements under § 25-7-105(1)(e)(X.7), C.R.S.

(II) Utilities shall identify any actions to align Utilities' cost recovery with statewide policy goals, including reducing greenhouse gas emissions, minimizing costs, and minimizing risks to customers.

12. Approval of a Clean Heat Plan.

(a) The UB shall approve a clean heat plan, including the associated forecasts if it finds the plan to be in the public interest.

(b) In evaluating whether the clean heat plan is in the public interest, the UB shall consider the following factors:

(I) whether the plan achieves the clean heat targets using clean heat resources that, in aggregate, maximize greenhouse gas emission reductions based on the APCD estimates of emissions reductions;

(II) whether the plan can be implemented at the lowest reasonable cost and rate impact, considering savings to customer bills resulting from investments made

pursuant to the plan. In determining the reasonableness of the cost and the cost impact, UB shall consider:

(A) fuel costs;

(B) non-fuel direct investment associated with the clean heat plan.

(III) whether the plan provides air quality and environmental benefits in addition to the greenhouse gas emission reductions;

(IV) whether Utilities has demonstrated the investments in the clean heat plan prioritize serving customers participating in income-qualified programs and communities historically impacted by air pollution and other energy-related pollution;

(V) whether the plan presents risks to Utilities' customers, including the risk of market volatility and the risk of stranded investment costs; and

(VI) whether the plan maintains system safety and reliability.

(c) Colorado Springs City Council may approve a utility's proposed rate adjustment clause or structure that allows for current recovery of Utilities' clean heat plan costs.

(d) Utilities may recover the prudently incurred costs associated with actions under an approved clean heat plan or other actions to meet any additional emission reduction.

13. Interim Clean Heat Plan Reporting

(a) By March 31 in all calendar years that a clean heat plan application is not submitted, Utilities shall submit to the APCD an annual clean heat plan report that shows, pursuant to its approved clean heat plans:

(I) the annual greenhouse gas emissions consistent with the APCD Workbook, and a description of any significant deviations from the emissions reductions anticipated by project or program based on Utilities' most recently approved clean heat plan;

(II) the actual greenhouse gas emissions reduced or avoided for each clean heat resource category as calculated consistent with the most recent methodology developed by the Air Pollution Control Division, and a description of any significant deviations from the emissions reductions anticipated by project or program based on Utilities' most recently approved clean heat plan;

(III) the actual emission reductions and corresponding recovered methane credits as well as a statement or certification from Utilities that any recovered methane credits were retired in the year generated;

(IV) an update to the forecasts provided in the APCD Workbook.

- (b) Utilities may request a revision to an existing, approved clean heat plan, as necessary, to improve its opportunity of achieving future clean heat targets or otherwise fulfill the purpose of these clean heat plan rules.
- (c) Utilities shall submit the annual clean heat plan reports required by the APCD.

DEMAND SIDE MANAGEMENT

Consistent with statutory requirements, the purpose of Demand Side Management (DSM) programs is to reduce end-use gas consumption in a cost-effective manner, in order to save money for consumers and Utilities, and protect the environment by encouraging the reduction of emissions and air pollutants. Utilities in the design and implementation of programs enables retail customers to participate in DSM. Utilities shall design DSM programs for its full-service customers to achieve cost-effective energy savings, considering factors such as: achievable energy savings, customer benefits, cost effectiveness, the effects on disproportionately impacted communities, adoption potential, market transformation capability and ability to replicate in Utilities service territory.

- (d) Utilities shall provide UB a proposed expenditure target, ensuring that a significant portion of the program expenditures are targeted to improve energy efficiency in income-qualified households as applicable, as well as a savings target, funding mechanism, and cost recovery mechanism.
- (e) Utilities shall annually file a DSM report with UB.

14. Definitions

The following definitions apply.

- (a) “Amortization” means the systematic spreading of expenditures or capital costs incurred for DSM programs, through regular accounting entries over a specified time period.
- (b) “Benefit/cost ratio” means the ratio of the net present value of benefits to the net present value of costs, as calculated using the modified TRC test.
- (c) “Cost effective” means a benefit/cost ratio of greater than one.
- (d) “Demand side management” (DSM) means the implementation of programs or measures which serve to shift or reduce the consumption of, or demand for, gas.
- (e) “Discount rate” means the interest rate used in determining the present value of future cash flows of DSM costs and benefits, for both forecasted and actual cash flows. The forecasted DSM costs and benefits are used to estimate the cost effectiveness of DSM measures to develop a cost-effective DSM portfolio. The actual DSM costs and benefits, which are the actual costs of the program and the documented energy savings, are used to determine net economic benefits. Discount rate shall be Utilities’ weighted average cost of capital (WACC).

- (f) “DSM education” means a program that contributes indirectly to a cost-effective DSM program by promoting customer awareness and participation in a DSM program. This education may or may not include an energy audit.
- (g) “DSM measure” means an individual component or technology that shifts or reduces the consumption of, or demand for, gas, such as attic insulation or replacement of equipment.
- (h) “DSM period” means the effective period of a DSM plan.
- (i) “DSM plan” means the DSM programs, goals, and budgets over a specified DSM period, generally considered in one-year increments, as may be proposed by Utilities.
- (j) “DSM program” means any of the following programs or combination of programs: energy efficiency, including weatherization and insulation; conservation; load management; beneficial electrification; demand response; DSM education targeted at market transformation; programs to influence wholesale and retail supply chains, and services offered to customers to reduce gas usage.
- (k) “Energy efficiency program” see DSM program.
- (l) “Market transformation” means a strategy for influencing the adoption by consumers of new techniques or technologies. The objective is to overcome barriers within a market through coordinating tactics such as education, training, product demonstration and marketing, often conducted in concert with rebates or other financial incentives.
- (m) “Modified Total Resource Cost test” or “modified TRC test” means an economic cost effectiveness test used to compare the net present value of the benefits of a DSM program or measure over its useful life, to the net present value of costs of a DSM measure or program for the participant and Utilities consistent with § 40-1-102(5), C.R.S. (2023).
- (n) “Net economic benefits” means the net present value of all benefits in the modified TRC test, as applied to Utilities’ portfolio of DSM programs, less the net present value of the costs in the modified TRC test associated with that same portfolio. Including for electrification the cost of additional power generation, electric transmission and distributions costs and homeowner expenses including appliances and internal electrical wiring capacity.
- (o) “Savings target(s)” refers to the energy and demand savings levels approved in a DSM plan, measured at the customer meter.

15. DSM Plan

Utilities shall provide UB, a prospective gas DSM plan demonstrating Utilities’ proposed expenditures by year for each DSM program, by budget category, and shall include the following information:

- (a) Utilities' estimated gas energy savings and avoided greenhouse gas emissions over the lifetimes of the measures implemented in a given annual DSM program period, expressed in dekatherms per dollar of expenditure, and presented for each DSM program;
- (b) the anticipated units of energy to be saved annually by a given annual DSM program, which equals the product of the proposed expenditure target and proposed savings target; this product is referred to herein as the energy target;
- (c) anticipated design day peak demand savings, as applicable to individual DSM programs and to the portfolio as a whole;
- (d) Utilities shall include in its DSM plan data and information sufficient to describe the design, implementation, and cost effectiveness of the DSM programs. Such data and information shall include, at a minimum, program budgets delineated by year, estimated participation rates and program savings (in terms), and the greenhouse gas emissions avoided from each program; and
- (e) Utilities shall provide the following information detailing how it developed its proposed DSM program:
 - (I) a comprehensive list of DSM measures that Utilities is proposing for inclusion in its DSM plan;
 - (II) a forecast of proposed DSM programs for Utilities' service territory in terms of, customer classes, anticipated participation rates (as a number and a percent of the market), estimated energy savings and cost effectiveness;
 - (III) a ranking of proposed DSM programs, from greatest value and potential to least;
 - (IV) proposed marketing strategies to promote participation based on industry best practices;
 - (V) calculation of cost effectiveness of the proposed DSM programs using a modified TRC test; and
 - (VI) any relevant data and emissions accounting methodologies developed by the Air Pollution Control Division regarding methane leakage rates and the appropriate global warming potential of methane, for the purpose of calculating the cost of methane emissions.
- (f) In its DSM plan, Utilities shall address how it proposes to prioritize DSM services and programs for income-qualified customers and customers in disproportionately impacted communities.
 - (I) Utilities may propose one or more DSM programs for income-qualified customers or customers in disproportionately impacted communities that yield a modified TRC test value below 1.0.

(II) Per UB Governance of Excellence, Utilities shall dedicate no less than 10 percent of annual residential DSM expenditures shall be targeted on one or more DSM programs or measures for income-qualified residential customers.

(g) Utilities shall propose a budget supporting its' DSM Programs detailing the overall DSM plan and for each program for each year and shall be categorized into:

(I) Direct to customer costs; and

(II) Other program costs.

(h) For the purposes of calculating and reviewing a modified TRC, the following components shall be included. Forecasted DSM costs and benefits are used to estimate the cost-effectiveness of DSM measures to develop a cost-effective DSM portfolio.

(I) Benefits shall include, but are not limited to, as applicable: the utility's avoided transmission and distribution capital cost savings associated with reductions or limited growth in design day peak demand; energy costs; the participant's avoided operating and maintenance costs; the valuation of avoided greenhouse gas emissions; and non-energy benefits. The valuation of avoided greenhouse gas emissions shall include the social cost of carbon dioxide and the social cost of methane.

(II) Costs shall include utility and participant costs. For comparative purposes, in addition to this base case calculation of cost-effectiveness, Utilities may also provide a case that does not include the social costs of carbon dioxide and methane. Forecasted DSM costs and benefits are used to estimate the cost effectiveness of DSM measures to develop a cost-effective DSM portfolio.

16. Annual DSM Report

Utilities shall provide UB with an annual DSM Report

(a) In the annual DSM report, Utilities shall describe its actual DSM programs as implemented. For each DSM program, documenting actual program expenditures, energy savings, peak demand reduction because of energy efficiency programs, peak demand reduction as a result of specific demand reduction programs, avoided greenhouse gas emissions, participation levels and cost effectiveness.

(b) Annual program expenditures shall be separated into cost categories contained in the approved DSM plan.

(c) For each DSM program, Utilities shall compare the program's proposed and actual expenditures, energy and demand savings, participation rate, avoided greenhouse gas emissions, and cost-effectiveness; in addition, Utilities shall prepare an assessment of the success of the program and list any suggestions for improvement and greater customer involvement.

(d) Utilities shall provide benefit/cost results for the overall DSM plan and individual DSM programs implemented during the plan year.

- (e) The annual DSM report shall contain the level of greenhouse gas emissions reductions from DSM programs that qualify as a clean heat resource, reported in levels of carbon dioxide, methane, and carbon dioxide equivalents as well as a report of DSM measures approved as part of a clean heat plan.

17. Funding

- (a) Utilities may spend a disproportionate share of total expenditures on one or more classes of customers, provided, however, that cost recovery for programs directed at residential customers are to be collected from residential customers only and that cost recovery for programs directed at nonresidential customers are to be collected from nonresidential customers only,
- (b) Utilities may recover its DSM program expenditures either through expensing or by adding DSM program expenditures to base rates All prudently incurred expenditures for Utilities' portfolio of DSM programs are recoverable.

AWAITING VERIFICATION

2023 Demand Side Management Programs & Services



Colorado Springs Utilities
It's how we're all connected

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EXECUTIVE SUMMARY

Colorado Springs Utilities offers electric and natural gas demand side management solutions for business and residential customers to save money, use less energy, and contribute to a sustainable future.

Demand side management (DSM) is a strategy that enables utilities to influence the time and use of energy, demand, or carbon intensity of customer activities. DSM programs can include energy efficiency, demand response, renewable energy systems, energy storage, and decarbonization measures. DSM measures can reduce the need for peak capacity, energy generation, and purchase costs which equates to customers saving money.

In 2021, the Colorado General Assembly passed requirements for natural gas distribution utilities to reduce greenhouse gas emissions by 4% by 2025 and 22% by 2030, using year 2015 as a baseline. As a natural gas distribution utility, Colorado Springs Utilities (Springs Utilities) is required to file a Clean Heat Plan beginning in 2023, outlining methods to meet these targets using a mix of supply side and demand side resources. These “clean heat resources” can include energy efficiency programs, recovered methane, green hydrogen, and beneficial electrification.

Springs Utilities offers natural gas demand side management programs that provide greenhouse gas emissions savings (avoided CO₂ emissions) eligible towards Clean Heat Plan (CHP) targets. These programs are scalable and can be compared against supply side clean heat resources for cost-effectiveness on a cost per metric ton of CO₂ (\$/MT CO₂) basis.

Current DSM programs eligible to contribute towards the Clean Heat Plan:

- Builder Incentive Program
- Engineering Design Assistance
- HVAC Equipment Rebates
- Water Heater Rebates
- Home Efficiency Assistance Program (HEAP)
- Insulation & Air Sealing Rebates
- Smart Thermostat Rebates



The clean heat resources in Springs Utilities’ Clean Heat Plan are currently being evaluated. Demand side management programs are a cost-effective way to reduce greenhouse gas emissions and are a valuable CHP resource.



DSM BUDGET & FORECAST SAVINGS

2023 DSM Plan		2023 Budget	2023 Demand Reduction (MW)	Lifetime Electric Energy Savings (MWh)	Lifetime Gas Energy Savings (Dth)	Lifetime Avoided CO2 Emissions (MT CO2)	Levelized Cost of Energy Savings (\$/MWh, \$/Dth)	Levelized Cost of Avoided Emissions (\$/MT CO2)
Electric								
Residential	Electric Efficiency Product Promo	\$ 19,042	0.1	3,538	0	-	6.96	-
	Home Efficiency Assistance Program	\$ 96,582	0.01	2,120	0	-	45.55	-
	Peak Energy Rewards	\$ 356,100	1.7	0	0	-	0	-
	Refrigerator & Freezer Recycling Rebate	\$ 35,771	0.01	581	0	-	67.64	-
Business	Energy Custom Rebate	\$ 100,000	0.18	5,920	0	-	18.56	-
	Building Retro-Commissioning	\$ 85,000	TBD	TBD	TBD	-	TBD	-
	High Efficiency Air Cooling	\$ 180,000	0.68	26,627	0	-	7.25	-
Electric Total		\$ 872,495	2.70	38,787	0	-		-
Natural Gas								
Residential	HVAC Equipment Rebate	\$ 45,640	0	0	34,844	1,684	1.28	24.36
	Water Heater Rebate	\$ 19,975	0	0	12,461	396	2.18	57.37
	Home Efficiency Assistance Program	\$ 1,215,889	0	0	95,150	5,050	12.90	242.99
	Insulation & Air Sealing Rebate	\$ 70,910	0	65	174,228	9,255	0.46	8.72
	Smart Thermostat Rebate	\$ 104,088	0	1,033	65,312	3,767	2.24	38.87
	WaterSense Showerhead Exchange	\$ 13,065	0	1,115	40,795	2,490	0.37	5.99
Business	Builder Incentive Program	\$ 569,727	0	2,371	394,368	21,309	1.52	28.04
	Engineering Design Assistance	\$ 85,000	TBD	TBD	TBD	TBD	TBD	TBD
	WaterSense Showerhead Rebate	\$ 5,000	0	236	8,618	526	0.80	13.04
Natural Gas Total		\$ 2,129,294	0	4,819	825,777	44,477		
General & Administrative		\$ 118,319						
Home Efficiency Assistance Program (Water)		\$ 227,079						
TOTAL		\$3,347,187	2.8	43,605	825,777	44,477	\$11.95/MWh \$2.56/Dth	\$48.05

New programs or program features.

Note: Building Control Systems and Engineering Design Assistance are new programs for 2023. Deemed savings begin in 2024.

Discontinued for 2023:

- Electric Dryer Rebate
- Holiday Lighting Exchange
- Renewable Energy Rebate
- Business Lighting Rebate

OBJECTIVES

-  **Electric Energy Efficiency** 288,700 MWh cumulative annual reduction by 2030
-  **Gas Energy Efficiency** 656,600 Dth/hr cumulative annual peak reduction by 2030
-  **Demand Reduction**
62 MW Demand Response capacity by 2030
40 MW firm reduction from energy efficiency 2030 timeframe
-  **Decarbonization**
80% Electric Source Emissions Reduction by 2030
22% Natural Gas Emissions Reduction by 2030
+Statewide goals for electrified transportation
-  **Resiliency** 5 MW Distributed Energy Storage 2030 timeframe
-  **Equity**
10% of DSM funding to HEAP Low-income program
+Variety of programs offered to customers

DSM objectives are determined during the Electric & Natural Gas Integrated Resource Planning.

RESIDENTIAL PROGRAMS & SERVICES

PRESCRIPTIVE REBATES

HVAC Equipment
Water Heaters
Insulation & Air Sealing
Refrigerator & Freezer Recycling
Smart Thermostats

DEMAND RESPONSE

Peak Energy Rewards

INCOME QUALIFIED

Electric Efficiency Product Promo
Home Efficiency Assistance Program (HEAP)

EXCHANGE SERVICE

WaterSense Showerhead Exchange

Since about 50% of your energy can be used for space heating and cooling, having an HVAC system that works effectively and efficiently is smart.

Furnaces bearing the ENERGY STAR® mark perform up to 15% more efficiently than baseline models, which translates into valuable energy savings, cost savings and a reduction in greenhouse gases.

OBJECTIVES



Natural Gas Energy Efficiency



Decarbonization

If you are considering installing an air conditioner, or need to replace an old unit, an air source heat pump (ASHP) is a great option. An ASHP is an air conditioner with a reversing valve, so it can provide both heating and cooling for your home. Using an ENERGY STAR® air source heat pump in conjunction with a furnace, can save energy and money because it is approximately four times more efficient than a standard furnace during warmer winter months.



If you are considering installing an air source heat pump as the primary heating source in your home, a great option is a cold climate air source heat pump (ccASHP). A ccASHP has the efficiency benefits of a standard air source heat pump without the need for back up heat because it continues to run efficiently as the temperatures decrease below 0°F.



ENERGY STAR® Heat Pump \$500 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Ducted Heat Pumps](#)
[ENERGY STAR® Certified Ductless Heat Pumps](#)

Cold Climate Heat Pump \$1,000 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- RBD permit required for quality installation.
- Must be NEEP qualified.

[Northeast Energy Efficiency Partnerships \(NEEP\) Product List](#)

ENERGY STAR® Furnace \$250 Rebate

- Open to natural gas customers.
- Retrofit applications only.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Natural Gas Furnaces](#)



SCAN for more INFO

Water heaters use about 20% of your home's energy. That equates to more energy than your refrigerator, dishwasher, clothes washer, and dryer combined!

If your water heater is more than 10 years old, you may want to consider a new one. Today's ENERGY STAR® certified models have better insulation and more efficient burners, which means improved energy efficiency that reduces the drain on your wallet.

OBJECTIVES



Natural Gas Energy Efficiency



Decarbonization

Save even more with a heat pump water heater (HPWH) – commonly referred to as Hybrid Electric water heaters. HPWHs use a hybrid system that reliably and efficiently produces hot water in both warm and cold climates.



ENERGY STAR® gas storage water heaters use about 10% less energy compared to standard gas water heaters.



ENERGY STAR® heat pump water heaters are up to 4 times more efficient and use 70% less energy than a standard model.

Hybrid Heat Pump Water Heater \$200 Rebate

- Open to electric and natural gas customers.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Hybrid Heat Pump Water Heaters](#)

Natural Gas Storage Water Heater \$50 Rebate

- Open to natural gas customers.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Gas Storage Water Heaters](#)



SCAN for more INFO

Proper insulation and air sealing will ensure you are getting the most from efficiency improvements like a new HVAC system or window upgrades. And, since 50% of your energy bill can go toward heating and cooling, creating an envelope for your home will seal the deal when it comes to savings.



OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

Insulation comes in a variety of forms including fiberglass batts, loose fill cellulose, and open and close cell foams. Each material has a different R-value assigned to it, which is the material's resistance to heat flow. The higher the R-value number indicates the insulation is more effective at keeping the home cool in the summer and warm in the winter.



Air sealing is discovering all the nooks and crannies that allow air to leak in and out of the home and sealing them up! Gaps and open seams can form along the edges of doors and windows and even around the can lights in your ceiling.

Attic Insulation & Air Sealing

40% of installation cost up to \$200 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- Attic insulation must include bypass air sealing.
- Attic insulation R-value must be R49 and above.

Wall Insulation

40% of installation cost up to \$200 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- Wall insulation R-value must be R13 and above.

For best results, combine
AIR SEALING with
insulation projects!



SCAN for more INFO

Refrigerator & Freezer Recycling Rebate

Colorado Springs Utilities has teamed up with ARCA Recycling to offer free, haul-away refrigerator and freezer recycling services to customers. ARCA Recycling is a recognized Responsible Appliance Disposal partner and ensures proper disposal of old refrigerated appliances using environmental best practices.

The recycling program promotes energy savings through the retirement of inefficient refrigerators and freezers by encouraging customers to recycle the previously used refrigerator instead of keeping it as a secondary unit or rehoming to another household.



Refrigerator & Freezer Recycling \$50 Rebate

- Open to electric customers.
- Appliance must be:
 - 10 to 32 cubic feet in size
 - Operable, empty, and accessible
 - Recycled by ARCA Recycling

Schedule a pickup by calling (888) 540-5931 or complete the online form at arcaincutility.com/CO/Colorado-Springs-Utilities

OBJECTIVES



Electric Energy Efficiency

Environmental Concerns

Refrigerators and freezers may contain hazardous materials that require proper and safe disposal. Many household refrigerators manufactured before 1995 contain chlorofluorocarbon (CFC) refrigerant that is considered an ozone-depleting substance. Some Insulating foams and other hazardous components can be environmental concerns and should be handled carefully during the recycling and disposal process.



ARCA Recycling
888-540-5931

Participant of the Environmental Protection Agency's Responsible Appliance Disposal (RAD) program for 13 years.

Responsible Appliance Disposal (RAD)

RAD is a voluntary Environmental Protection Agency program that partners with utilities, retailers, manufacturers, and state and local government entities to dispose of old refrigerated appliances using environmental best practices beyond federal requirements.



SCAN for more INFO

Boost the brainpower of your home when you install a smart thermostat. Smart thermostats track use and temperature data so you can get smart about your usage. Adjust temperature settings remotely with a tap on your smartphone screen or create a schedule for your system and let the thermostat do all the work.

OBJECTIVES



Electric Energy Efficiency

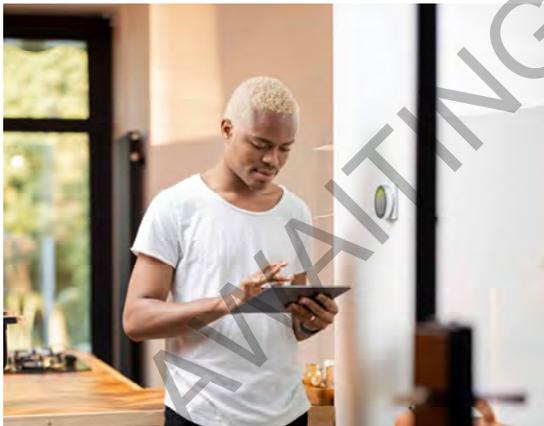


Natural Gas Energy Efficiency



Decarbonization

Smart thermostats can have a variety of features to help you save money and stay comfortable in your home. Some enable you to adjust the temperature in your home from anywhere through wi-fi connectivity. Others detect when you have left for the day to setback your HVAC system, and automatically adjusts the temperature so you return to a comfortable home.



Many smart thermostats learn temperature preferences and establish a schedule that automatically adjusts to energy-saving settings. They can also alert to power outages, when it is time to change the air filter, and sudden changes in temperature which could indicate a problem.



SCAN for more INFO



Smart Thermostat
\$50 Rebate

- Open to electric and natural gas customers.
- Must be ENERGY STAR® certified.

TIP

Bundle the smart thermostat rebate with the Peak Energy Rewards program and receive even more!

Peak Energy Rewards

Customers with a wi-fi connected smart thermostat can enroll in the Peak Energy Rewards demand response program and receive a \$50 enrollment bill credit plus a \$25 bill credit each year they participate in the program.

Eligible Thermostat Providers:

- Alarm.com
- ecobee
- Emerson
- Honeywell Home
- Lux
- Google Nest
- Radio Thermostat
- Vivint

See additional Peak Energy Rewards program information and Frequently Asked Questions at enrollmythermostat.com/faqs/springsutilities.

The Peak Energy Rewards program is a voluntary program for residential and business electric customers who have eligible smart thermostats connected to their central air conditioning.

When summer temperatures climb, demand for electricity increases and can cause strain on the grid. The Peak Energy Rewards program is designed to help reduce energy use during times of high energy demand.



OBJECTIVES



Demand Reduction

Participants agree to brief adjustments of four degrees or less to their thermostat(s) during peak electric demand periods from May 1 through Sept. 30. Adjustments to their thermostat typically last no more than four hours and will not occur on weekends or holidays, except in the event of a system emergency.



Colorado Springs Utilities has partnered with Energy Hub to enroll and aggregate customers for demand response events. Springs Utilities schedules events on hot summer days when the community's energy use is at its highest. These events help increase system reliability and keep electric costs lower for everyone.

Peak Energy Rewards

\$50 bill credit to enroll in the program

PLUS

\$25 annual bill credit for participation

- Open to electric customers.
- Must have an ENERGY STAR® certified smart thermostat.
- Thermostat must be used to control central air conditioning.

Eligible Thermostat Providers:

- Alarm.com
- ecobee
- Emerson
- Honeywell Home
- Lux
- Google Nest
- Radio Thermostat
- Vivint



SCAN for more INFO

The Electric Efficiency Product Promo (EPPP) program promotes electric energy efficiency and equity by providing LED lightbulbs at no cost to income qualified customers to improve the energy savings on their utility bills.

OBJECTIVES



Electric Energy Efficiency



Equity



This program uses several pathways to distribute the LED lightbulbs. Four LED lightbulbs are included in each Energy and Water Savings kit provided to key community partners for distribution. The LED bulbs are also installed in customer homes through support requests that aid:

- Brothers Redevelopment
- Colorado Springs Housing Authority
- Concrete Couch
- Family Life Services
- Greccio Housing
- Habitat for Humanity
- Homeward Pikes Peak
- Ithaka Housing
- Partners in Housing
- Public Exchange
- Rocky Mountain Community Land
- Salvation Army
- Silver Key



Energy and Water Savings Kit

- 4 LED lightbulbs
- 2 high-efficiency showerheads
- 2 bathroom faucet aerators
- 1 kitchen faucet aerator

Energy and Water Savings kits are provided to community partners for distribution. Key partners in 2022 included:

- Atlas Prep Middle School
- Centennial Elementary School
- LEAP Customers
- Meadows Community Center
- Mt. Carmel
- PPLD – East Branch
- PPLD – Ruth Holly
- PPLD – Sand Creek
- Salvation Army
- Silver Key
- Southern Colorado Health Network
- United Way Family Success Center
- Warriors Warehouse
- Westside Community Center

The Home Efficiency Assistance Program (HEAP) is the major contributor to the board requirement of 10% DSM budget allocated to the lower income demographic. The program works with the Energy Resource Center to provide efficiency services to income qualified homeowners' homes. The efficiency services support all four services by helping to reduce the utility burden on our customers and the energy and water needs of our community.



OBJECTIVES

-  Electric Energy Efficiency
-  Natural Gas Energy Efficiency
-  Decarbonization
-  Equity

HEAP provides many durable upgrades to income qualified homeowners that improve the efficiency of all utility services in the home. The primary benefactor is gas, through improvements in insulation, heating, safety, and water with replacement toilets, showerheads and faucets, electricity and wastewater are also impacted to provide full-service efficiency gains.

To qualify, a customer must

- Own the property they live in.
- Reside in a single-family home, townhouse, condo, multifamily unit (duplex or fourplex) or mobile/modular/manufactured home.
- Have a household gross income less than 60% of the state median income.

HEAP Services

- Home efficiency audit
- Insulation in attic, wall, underfloor and foundation
- Air sealing on doors, wall penetrations and ceilings
- Furnace maintenance, replacement, or conversion to heat pump
- Water heater maintenance, replacement, or conversion to heat pump
- LED lighting
- Refrigerator replacement
- Toilet replacement
- Showerhead and faucet nozzle replacement
- Smart thermostat installation
- Electric kettles and passive clothes drying racks
- Smoke and carbon monoxide alarms
- Efficiency education



SCAN for more INFO

WaterSense Showerhead Exchange

Efficient showerheads save water, but today's models also do an excellent job saving energy by reducing demand on your water heater. All in all, you can save more than 60% of the water and energy you used before installing your new showerhead.

Colorado Springs Utilities offers a free showerhead exchange program to residential customers.



OBJECTIVES

-  Electric Energy Efficiency
-  Natural Gas Energy Efficiency
-  Decarbonization

A standard 2.5 gallon per minute (gpm) showerhead used for two ten-minute showers daily will use 17,750 gallons of heated water per year. Heating that water costs \$130. A similarly used WaterSense high-performance showerhead using between 1.5 and 2 gpm will save 3,550 to 7,100 gallons of heated water per year. This will save \$30 to \$50 per year in gas water heating costs. Together with the savings in water and wastewater, each showerhead can save \$50 to \$100 per year!

WaterSense Showerhead Exchange
Up to 2 Niagara Earth Showerheads

Residential customers may bring up to two old showerheads to our Conservation & Environmental Center and swap them for two new Niagara Earth Showerheads (1.5 gal/minute) at no cost.

[Learn more about Niagara Earth Showerheads](#)



One WaterSense
showerhead can save a
considerable amount of
energy!



SCAN for more INFO

BUSINESS PROGRAMS & SERVICES

PERFORMANCE REBATES

Commercial Building Efficiency

- Building Retro-Commissioning
- Engineering Design Assistance

Custom Energy Rebate

PRESCRIPTIVE REBATES

Refrigerator & Freezer Recycling

Smart Thermostat

WaterSense Showerhead

INCENTIVES

Builder Incentive Program

MIDSTREAM

High Efficiency Air Cooling

The Commercial Building Efficiency program consists of two components: Building Retro-Commissioning for existing commercial buildings and Engineering Design Assistance to target efficiency measures for new construction projects. The objective of this program is to enable business customers to make long-term cost-effective energy decisions.

Energy Performance for Buildings

House Bill 21-1286 or the “Energy Performance for Buildings” statute established benchmarking requirements and emission reduction targets for buildings 50,000 square feet and larger. The statute requires a greenhouse gas emissions reduction of 7% by 2026 and 20% by 2030 from a 2021 building energy use baseline.

The Colorado Energy Office developed recommendations for the Air Quality Control Commission to consider when developing the Building Performance Standards (BPS). The BPS will be used to achieve the reduction targets set in House Bill 21-1286.

The primary pathway to meet the Building Performance Standards includes energy efficiency and electrification of 80% of building space and water heating, and secondary pathways include renewables, partial electrification and demand response and flexibility.

To empower building owners to meet to the statute and make energy efficiency improvements to their buildings, Springs Utilities will offer engineering design assistance, building control systems, building retro-commissioning, and small business audits to assess potential energy saving measures and performance-based rebates.

OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

Small Business Audits

For buildings 50,000 square feet and smaller, Springs Utilities will provide energy audits to small business customers in-house to assess potential energy saving measures on a case-by-case basis.

Engineering Design Assistance

Engineering Design Assistance aims to enable commercial customers to participate in demand response savings and implement future grid interactive buildings by capturing efficiency improvements and whole building strategies during the design phase of new construction (this includes large additions and major renovations to existing buildings). This program is designed to enable large projects with ambitious energy goals for buildings 50,000 square feet and larger. Springs Utilities will partner with a third-party implementer to provide design assistance to implement energy saving measures that reduce electric and gas usage in the building. This in turn will lower the demand and energy requirements for the utility for the next 10-20 years by locking in savings through measures and controls that would not otherwise be implemented.

TIP

Building Retro-Commissioning may be a good fit for business customers pursuing the Energy Efficiency Commercial Buildings deduction in section 13303 of the Inflation Reduction Act.

Building Retro-Commissioning

Building Retro-Commissioning aims to help commercial customers achieve demand and energy savings through building control systems and building retro-commissioning of buildings 50,000 square feet and larger. It focuses on existing commercial buildings with complex heating, ventilation, and air conditioning (HVAC) systems. Springs Utilities will partner with a third-party implementer to provide design assistance and performance-based rebates to help alleviate the first cost and market barriers associated with many energy efficiency measures.

QR CODE
Placeholder

SCAN for more INFO

The Custom Energy Rebate program offers incentives to customers that may have unique equipment or processes that do not fit into standard rebate offerings.

This program enables Springs Utilities to respond to new or evolving technologies by partnering with a customer to provide opportunities to learn the effects of the technology on Utilities system, how the customer uses the technology, and, if applicable, how to structure a standard rebate program offering for the technology.



OBJECTIVES



Electric Energy Efficiency

Custom Energy Success Story!

A customer has been operating in Colorado Springs for many years. This company has an energy intensive legacy piece of equipment and the building operators have identified energy savings measures, but year after year the requested upgrades are denied in favor of a more profitable division in the company. The customer was able to partner with Springs Utilities through the Custom Energy Rebate program to upgrade the antiquated systems to more energy efficient systems. The upgrades removed 156 kW and over 1,000,000 kWh from the electrical distribution system!



Equipment that may qualify:

Any equipment where there is a low cost/low efficiency option and a higher cost/higher efficiency option for replacement of existing equipment, such as:

- High efficiency compressed air systems
- Water cooled chillers
- Refrigeration
- High-efficiency process equipment

Requirements

- Open to electric and natural gas customers.
- Pre-approval and pre-inspection are required on all projects.
- Projects require a Measurement & Verification (M&V) process to determine the actual savings and rebate amount.

Future Development

The Custom Energy Rebate program previously explored electric energy efficiency measures due to the affordable cost of natural gas. With recent House Bill 21-1286 requiring buildings to reduce greenhouse gas emissions, the program will investigate gas energy efficiency measures such as commercial kitchen equipment to save energy and reduce emissions.



SCAN for more INFO

Refrigerator & Freezer Recycling Rebate

Colorado Springs Utilities has teamed up with ARCA Recycling to offer free, haul-away refrigerator and freezer recycling services to customers. ARCA Recycling is a recognized Responsible Appliance Disposal partner and ensures proper disposal of old refrigerated appliances using environmental best practices.

The recycling program promotes energy savings through the retirement of inefficient refrigerators and freezers by encouraging customers to recycle the previously used refrigerator instead of keeping it as a secondary unit or rehoming to another household.



Refrigerator & Freezer Recycling \$50 Rebate

- Open to electric customers.
- Appliance must be:
 - 10 to 32 cubic feet in size
 - Operable, empty, and accessible
 - Recycled by ARCA Recycling

Schedule a pickup by calling (888) 540-5931 or complete the online form at arcaincutility.com/CO/Colorado-Springs-Utilities

OBJECTIVES



Electric Energy Efficiency

Environmental Concerns

Refrigerators and freezers may contain hazardous materials that require proper and safe disposal. Many household refrigerators manufactured before 1995 contain chlorofluorocarbon (CFC) refrigerant that is considered an ozone-depleting substance. Some Insulating foams and other hazardous components can be environmental concerns and should be handled carefully during the recycling and disposal process.



ARCA Recycling
888-540-5931

Participant of the Environmental Protection Agency's Responsible Appliance Disposal (RAD) program for 13 years.

Responsible Appliance Disposal (RAD)

RAD is a voluntary Environmental Protection Agency program that partners with utilities, retailers, manufacturers, and state and local government entities to dispose of old refrigerated appliances using environmental best practices beyond federal requirements.



SCAN for more INFO

Boost the brainpower of your business when you install a smart thermostat. Smart thermostats track use and temperature data so you can get smart about your usage. Adjust temperature settings remotely with a tap on your smartphone screen or create a schedule for your system and let the thermostat do all the work.

OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

Smart thermostats can have a variety of features to help you save money and stay comfortable in your home. Some enable you to adjust the temperature in your home from anywhere through wi-fi connectivity. Others detect when you have left for the day to setback your HVAC system, and automatically adjusts the temperature so you return to a comfortable home.



Many smart thermostats learn temperature preferences and establish a schedule that automatically adjusts to energy-saving settings. They can also alert to power outages, when it is time to change the air filter, and sudden changes in temperature which could indicate a problem.



SCAN for more INFO



Smart Thermostat
\$50 Rebate

- Open to electric and natural gas customers.
- Must be ENERGY STAR® certified.

TIP

Bundle the smart thermostat rebate with the Peak Energy Rewards program and receive even more!

Peak Energy Rewards

Customers with a wi-fi connected smart thermostat can enroll in the Peak Energy Rewards demand response program and receive a \$50 enrollment bill credit plus a \$25 bill credit each year they participate in the program.

Eligible Thermostat Providers:

- Alarm.com
- ecobee
- Emerson
- Honeywell Home
- Lux
- Google Nest
- Radio Thermostat
- Vivint

See additional Peak Energy Rewards program information and Frequently Asked Questions at enrollmythermostat.com/faqs/springsutilities.

To encourage customers to save both water and energy, Springs Utilities offers a rebate to commercial customers who install or retrofit WaterSense certified showerheads at their facilities.

OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

This program is intended for retrofit and new construction and applies to bulk purchases of 10 showerheads or greater.

One WaterSense showerhead can save a considerable amount of energy!

A standard 2.5 gallon per minute (gpm) showerhead used for two ten-minute showers daily will use 17,750 gallons of heated water per year. Heating that water costs \$130. A similarly used WaterSense high-performance showerhead using between 1.5 and 2 gpm will save 3,550 to 7,100 gallons of heated water per year. This will save \$30 to \$50 per year in gas water heating costs. Together with the savings in water and wastewater, each showerhead can save \$50 to \$100 per year!



WaterSense Showerhead Rebate

\$10 rebate or 50% of purchase price if less than \$20

- Open to natural gas or water customers.
- For retrofit and new construction.
- Applies to bulk purchase of 10 showerheads or greater.
- Showerheads must be WaterSense approved.

Find WaterSense Showerhead products at lookforwatersense.epa.gov/products.



SCAN for more INFO

The Builder Incentive Program provides a direct-to-builder incentive to construct homes to a higher efficiency than the current market and regulatory energy codes. It provides builders with incentives based on efficiency of the home and enhanced building techniques including electrification. The program can tailor incentives to encourage utilization of building technologies and features that support long term savings in all utility services.

Our Builder Incentive Program has been recognized on several occasions by ENERGY STAR® over the past 15 years for its demonstrated success, and most recently received the 2022 ENERGY STAR® Residential New Construction Market Leader Award. Previous ENERGY STAR® awards were received in 2020, 2019, 2018, 2012, 2010, 2009 and 2008.

OBJECTIVES

-  Electric Energy Efficiency
-  Natural Gas Energy Efficiency
-  Decarbonization



Builders receive an incentive based on the Home Energy Rating Score (HERS) that helps support the additional cost of work and materials needed to improve the home performance. Customers receive a home that is more comfortable, efficient, and affordable to maintain through lower utility usage and improved construction standards.

Additional incentives are provided for completion of green building standards like ENERGY STAR®, as these are deemed to support sustainable savings through enhanced building techniques and inspection processes.

For 2022, beneficial electrification bonuses were added, after an initial pilot in 2021, to ease the transition to electrical heating and hot water heating.

Incentives

\$200-2,250	\$200 for a HERS score of 60, then \$25 per point up to a maximum of \$2,250 for a HERS score of 0 (Zero Energy Home)
\$700	ENERGY STAR® heat pump water heater
\$800	Heat pump installation instead of an air conditioning unit
\$2,000	Full electrification of home
\$350	One or more of the following Home Building Standards: <ul style="list-style-type: none"> - ENERGY STAR® - National Green Building Standard - Leadership in Energy and Environmental Design - Passive House



SCAN for more INFO

The High Efficiency Air Cooling program is a midstream program that offers incentives to suppliers aimed at increasing the sale and installation of high-performance commercial HVAC equipment.

OBJECTIVES



Electric Energy Efficiency



For 2022, the program joined the regional midstream offering provided by Energy Solutions (also servicing Xcel Energy and Platte River Power Authority successfully for several years). This new contractor offers a much closer integration with local suppliers and the support of two local utilities keen on creating a consistent platform across Colorado. The program now has all major suppliers on board and installations are ramping up.

What is a midstream program?

Midstream programs provide incentives to suppliers rather than the traditional downstream process of a post purchase rebate to customers.

For the customer this provides simplicity and reduced financial investment, with no application process.

Contractors are educated by suppliers on the benefits and model ranges. No need to provide tech details to customer to support rebate application, just select and install.

Suppliers financial risk is reduced for stocking higher margin and efficiency equipment as incentive allows supplier to upsell at a lower cost.

For the utility this results in the market transforming from one where the lowest cost units are stocked to one where high-performance equipment becomes readily available, and a reduction in energy use occurs with each replacement whether planned or not.

Eligibility Requirements

- Open to commercial customers.
- The project site must be within Springs Utilities electric service territory.
- Eligible equipment includes:
 - Air cooled systems including heat pumps
 - Unitary air conditioners
 - Air cooled chillers
 - Packaged terminal heat pumps (PTHPs) and ductless mini/multi-splits



SCAN for more INFO



Colorado Springs Utilities

It's how we're all connected



Board Memo Agenda Item

Staff Report

Date: May 17, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Economic Development Subcommittee Dissolution

NARRATIVE:

Desired Action: Approval

Executive Summary: According to the Utilities Board Bylaws, the Utilities Board may establish subcommittees on an ad hoc basis by a vote of the Utilities Board. Subcommittees are authorized to provide information and recommendations to the Utilities Board but do not have approval authority over operations or activities.

In 2018, the Economic Development Subcommittee (EDSC) was established to review performance and compliance with Utilities Board policies and guidelines and to recommend policies that drive economic development needs and priorities to the Board Strategic Planning Committee and Finance Committee. The subcommittee is comprised of Utilities Board Members and external economic development stakeholders.

Springs Utilities' staff is recommending dissolving the Economic Development Subcommittee to create greater efficiencies for Utilities Board Members. Currently, there is an overlap between Utilities Board membership and materials reviewed at the Strategic Planning, Finance committees and Economic Development Subcommittee—creating redundancy. In the last few years, there has not been a significant amount of materials for this subcommittee to review and make recommendations on in order to justify an entire subcommittee and additional work plan.

If the Utilities Board chooses to approve this recommendation, all items that would have been taken to the subcommittee are still required to go through either Strategic Planning or Finance Committee for vetting. If at any time circumstances change, the Utilities Board may take a vote to re-establish this subcommittee.

Benefits: Consolidating information seen by each committee will result in greater efficiencies for Utilities Board Members.

Board Policy: P-5, G-2

Cost/Budget: N/A

Affected Parties: Utilities Board

Alternatives: Do not approve the dissolution of the Economic Development Subcommittee and the subcommittee remains in place, meeting quarterly

Submitter: Natalie Watts	Email address: nwatts@csu.org
Division/ Department: Administrative and Human Resources Division/ Strategic Planning and Governance	Phone number: 719-668-3827
	Date submitted: April 27, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 10



Colorado Springs Utilities
It's how we're all connected

Economic Development Subcommittee Dissolution

Natalie Watts, Strategic Planning and Governance Manager

Background

- According to the Utilities Board Bylaws, the Utilities Board may establish subcommittees on an ad hoc basis by a vote of the Utilities Board.
- Subcommittees are authorized to provide information and recommendations to the Utilities Board but do not have approval authority over operations or activities.



Economic Development Subcommittee



In 2018, the Economic Development Subcommittee (EDSC) was established by the Utilities Board to review performance and compliance with Utilities Board policies and guidelines.



The subcommittee is comprised of Utilities Board Members and external economic development stakeholders and makes recommendations to the Finance and Strategic Planning Committees.

Springs Utilities' Recommendation

- Staff is recommending dissolving this committee for the following reasons:
 - There is an overlap between Utilities Board membership and materials reviewed on the Strategic Planning, Finance committees and Economic Development Subcommittee—creating redundancy.
 - Outside of the annual compliance reports, there has not been a significant amount of materials for this subcommittee to review and make recommendations on to justify an entire subcommittee, staff time and resources and additional work plan.

Next steps

- At the May 17, 2023, Utilities Board meeting the Utilities Board will take a vote on this item.
 - This votes will require modifying the Utilities Board Bylaws and the Excellence in Governance Manual





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AWAITING VERIFICATION



Colorado Springs Utilities

It's how we're all connected

**EXCELLENCE IN GOVERNANCE
POLICY MANUAL**

Revised: November 16, 2022

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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
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CCA-7 Create Advisory Boards in Accordance with City Charter

City Council Authorities (continued)

City Council Legislative Authorities Regarding Colorado Springs Utilities – City Code/City Charter

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Appendix

Related Governance Information

- City Charter related to Colorado Springs Utilities Governance
- City Code related to Colorado Springs Utilities Governance
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- Utilities Board Bylaws
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**COLORADO SPRINGS UTILITIES BOARD
EXCELLENCE IN GOVERNANCE POLICY MANUAL**

EXECUTIVE SUMMARY EXCELLENCE IN GOVERNANCE

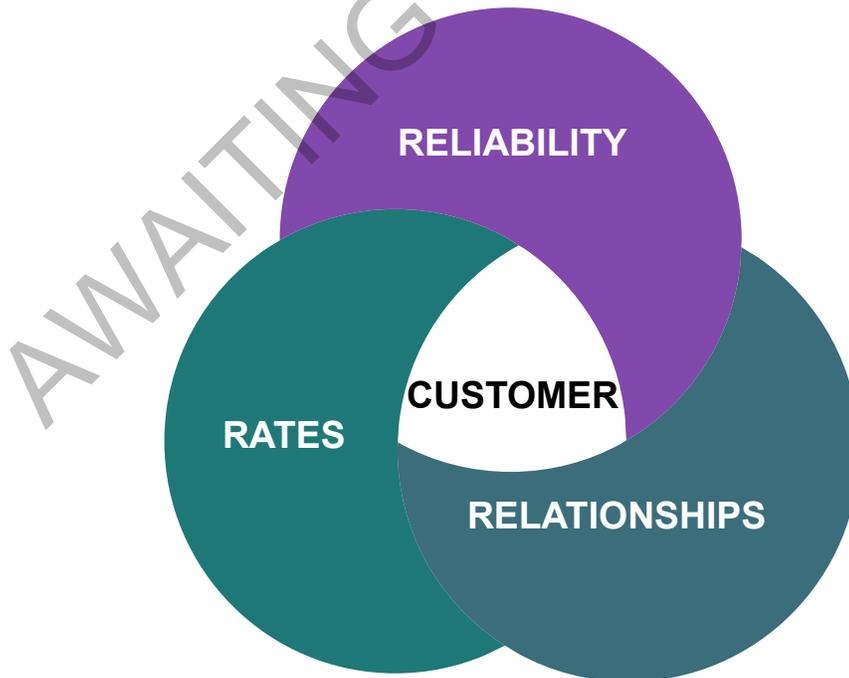
The Utilities Board must excel in the primary obligations of governance for the community-owned enterprise to fulfill its mission and customer-focused performance expectations. The Excellence in Governance Policy Manual provides formal, written policies that describe governance requirements and establish 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

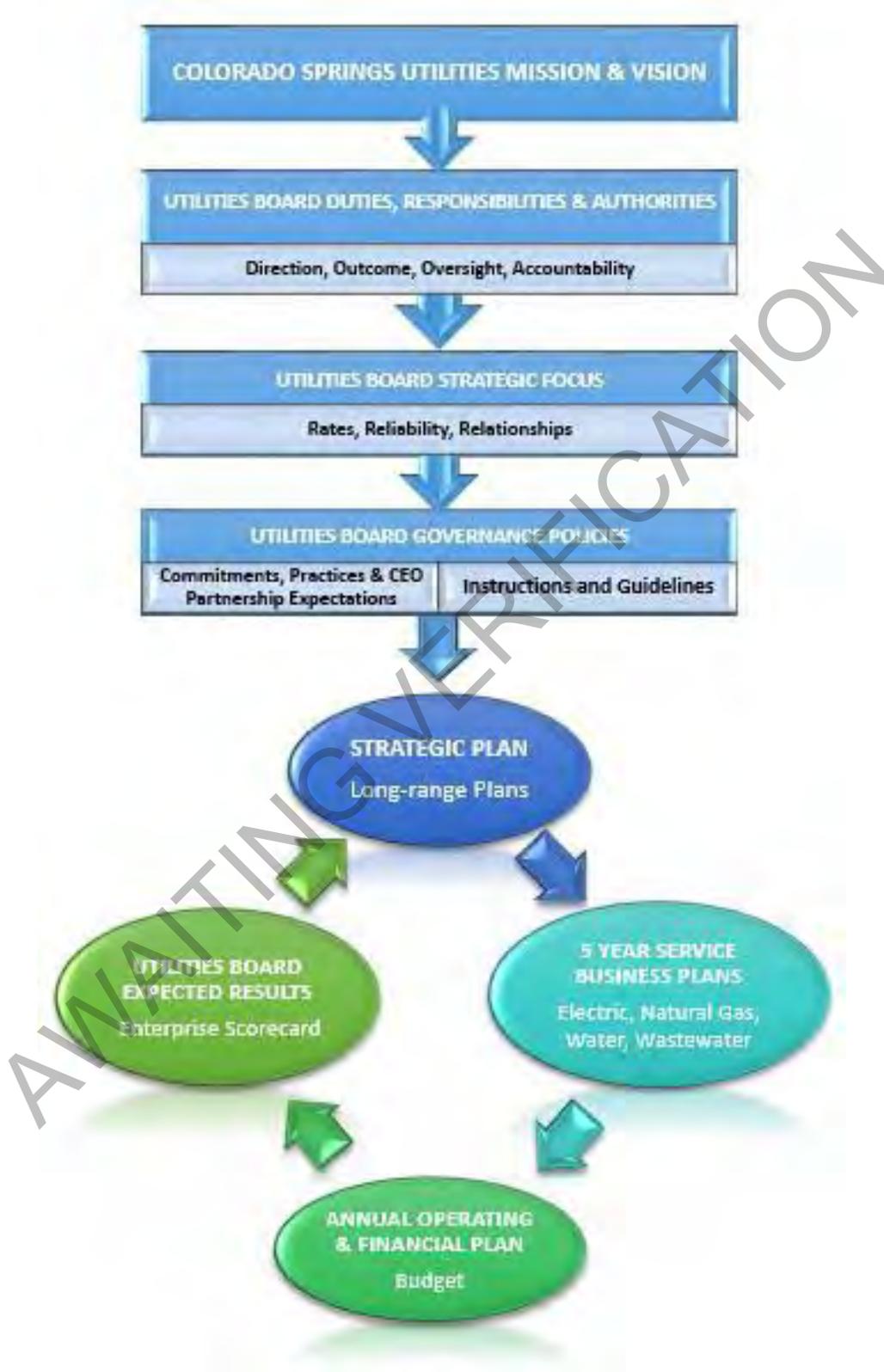
Provide safe, reliable and competitively-priced utilities to our customers.

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.



COLORADO SPRINGS UTILITIES GOVERNANCE



UTILITIES BOARD DUTIES, RESPONSIBILITIES, AND ADMINISTRATIVE AUTHORITIES

Category:	Utilities Board Duties	Date of Adoption:	May 16, 2018
Policy Number:	D: 1-2	Revision Date:	
		Revision Number:	

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.

AWAITING VERIFICATION

UTILITIES BOARD DUTIES, RESPONSIBILITIES AND ADMINISTRATIVE AUTHORITIES

Category:	Utilities Board Responsibilities	Date of Adoption:	May 16, 2018
Policy Number:	R: 1-4	Revision Date:	
		Revision Number:	

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.

AWAITING VERIFICATION

UTILITIES BOARD DUTIES, RESPONSIBILITIES AND ADMINISTRATIVE AUTHORITIES

Category:	Utilities Board Administrative Authorities – City Code	Date of Adoption:	May 16, 2018
Policy Number:	UBA: 1-4	Revision Date:	
		Revision Number:	

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.

CITY COUNCIL AUTHORITIES

Category:	City Council Legislative Authorities Regarding Colorado Springs Utilities - City Code	Date of Adoption:	May 16, 2018
Policy Number:	CCA: 1-8	Revision Date:	
		Revision Number:	

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 COMMITMENTS AND PRACTICES

Category:	Utilities Board Commitments to Excellence in Governance	Date of Adoption:	May 16, 2018
Policy Number:	C: 1-6	Revision Date:	
		Revision Number:	

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 COMMITMENTS AND PRACTICES

Category:	Utilities Board Practices for Excellence in Governance	Date of Adoption: May 16, 2018
Policy Number:	P: 1-5	Revision Date:
Guidelines	Committee Purpose, Structure and Operation (G-2)	Revision Number:

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.
4. Utilities Board Committees and Sub-Committees follow Board-Approved Work Plans and Committee Purpose, Structure and Operation Guidelines.
5. Standing Utilities Board Committees ~~and Sub-Committees~~ include the Strategic Planning Committee, Personnel Committee, Finance Committee, and the 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.

EXPECTATIONS

Category:	Utilities Board/Chief Executive Officer Partnership Expectations	Date of Adoption:	May 16, 2018
Policy Number:	E: 1-3	Revision Date:	
		Revision Number:	

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.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Pricing of Services (I-1)	Revision Date:	
Monitoring Type:	Internal	Revision Number:	
Monitoring Frequency:	Annual		
Guidelines:	Rate Design (G-5) Electric and Gas Cost Adjustments (G-6)		

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

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Financial Condition and Activities (I-2)	Revision Date:	February 20, 2018
Monitoring Type:	Internal; City Auditor	Revision Number:	2
Monitoring Frequency:	Quarterly, Annual		
Guidelines:	Local Vendor (G-7)		

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.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Financial Planning and Budgeting (I-3)	Revision Date:	July 20, 2022
Monitoring Type:	Internal	Revision Number:	1
Monitoring Frequency:	Annual		
Guidelines:	Water Reserve Account (G-8) Water Acquisition Account (G-13)		

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. Direct that a water acquisition account is established and maintained to fund expenditures that enable timely acquisitions and participation in supply projects that increase raw water system yield.
6. Use financial methods that share the cost of utility infrastructure between current and future customers.
7. Use risk-based modeling and a defined enterprise procedure to prioritize operations and maintenance infrastructure.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption: May 16, 2018
Policy Title (Number):	Risk Management (I-4)	Revision Date:
Monitoring Type:	Internal; City Auditor; External	Revision Number:
Monitoring Frequency:	Semi-Annual, Annual, Years ending in 0 and 5	

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.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Economic Development (I-5)	Revision Date:	
Monitoring Type:	Internal	Revision Number:	
Monitoring Frequency:	Annual		

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.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Infrastructure (I-6)	Revision Date:	March 20, 2019
Monitoring Type:	Internal	Revision Number:	1
Monitoring Frequency:	Semi-Annual		
Guidelines:	Urban Planning Area Utility Infrastructure Master Plan (G-12)		

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.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption: May 16, 2018
Policy Title (Number):	Water Supply Management (I-7)	Revision Date: July 20, 2022
Monitoring Type:	Internal	Revision Number: 3
Monitoring Frequency:	Annual	

The Chief Executive Officer shall direct that new and existing water resources and systems are aggressively developed, protected and optimized to maintain and enhance water system sustainability in a manner that responsibly balances 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 the water system.
3. Provide a reliable water supply to existing and future customers, including requests for regional service contracts and annexations, by planning for, developing, and managing water resources and infrastructure 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. Utilize Colorado Springs Utilities' dedicated water acquisition account to fund expenditures that enable timely acquisitions and participation in supply projects that increase raw water system yield.
5. Plan for and implement water use efficiency and demand management measures to support and enhance water system reliability.
6. 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.

7. Not develop or allow development of controlled ground water in the Dawson Aquifer in Colorado Springs Utilities' exclusive water service territory.
8. Not reserve Colorado Springs Utilities' water supplies, infrastructure, or capacity for any person, organization, property or development regardless of whether that entity is inside or outside the city limits or Colorado Springs Utilities' exclusive water service territory, except that the Utilities Board may evaluate and approve such a reservation to ensure that Colorado Springs Utilities can meet the reasonably anticipated water and wastewater demands of the Pikes Peak Region's military installations on a case by case basis.
9. Only provide water and wastewater-related services including, but not limited to, water leases, storage, conveyance, or treatment (collectively referred to as "water-related services"), outside Colorado Springs Utilities' exclusive water service territory pursuant to regional service contracts that comply with City Code, the guidelines set forth in the Regional Water and Wastewater Service Management Plan (Plan), and other applicable Utilities Board approved policies or directives. Regional service contracts are also subject to the following requirements:
 - a. All regional service contracts must be approved by the Utilities Board. Colorado Springs Utilities may deny any service request, modify the type of service to be provided, request mitigation to offset water system impacts and risks, or impose terms and conditions on the provision of service necessary to offset impacts and risks.
 - b. Regional service contracts shall provide a net benefit to Colorado Springs Utilities and the City of Colorado Springs' ratepayers, appropriately balancing costs and risks, and recognizing historic and planned investments.
 - c. For each contract requested, Utilities will perform an evaluation of impacts to water system reliability, level of service, and water resources for new water and wastewater regional service per the Plan based on a 10 year planning horizon.
 - d. Regional service contracts for water-related services shall include a premium on rates that will benefit the City of Colorado Springs' ratepayers.
 - e. In accordance with the City Charter and City Code, regional service contracts shall not exceed a 25-year term limit.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Asset Protection (I-8)	Revision Date:	
Monitoring Type:	Internal; City Auditor	Revision Number:	
Monitoring Frequency:	Semi-Annual; Annual		

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.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Treatment of Customers and Customer Information (I-9)	Revision Date:	
Monitoring Type:	Internal	Revision Number:	
Monitoring Frequency:	Annual		

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.
3. Comply with Colorado Springs Utilities Tariffs regarding treatment of customers.
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.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Treatment of Staff (I-10)	Revision Date:	
Monitoring Type:	Internal	Revision Number:	
Monitoring Frequency:	Annual		

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.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Compensation and Benefits (I-11)	Revision Date:	
Monitoring Type:	Internal	Revision Number:	
Monitoring Frequency:	Annual		
Guidelines:	At-Will Senior Management Severance (G-9)		

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.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Environmental Stewardship (I-12)	Revision Date:	
Monitoring Type:	Internal	Revision Number:	
Monitoring Frequency:	Annual		

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.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	May 16, 2018
Policy Title (Number):	Community Investment (I-13)	Revision Date:	
Monitoring Type:	Internal	Revision Number:	
Monitoring Frequency:	Annual		
Guidelines:	Affordable Housing (G-10) Community Support (G-11)		

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.

INSTRUCTIONS

Category:	Utilities Board Instructions to the Chief Executive Officer	Date of Adoption:	July 21, 2021
Policy Title (Number):	Enterprise Innovation (I-14)	Revision Date:	
Monitoring Type:	Internal		
Monitoring Frequency:	Annual	Revision Number:	

The Chief Executive Officer shall encourage Colorado Springs Utilities to use best practices in innovation to achieve long-term needs of the community and enterprise strategic objectives. Accordingly, the CEO shall:

1. Foster an environment within the workforce that promotes and rewards creativity, efficiency and empowerment.
2. Advance services and programs that achieve customer interests, community goals and enterprise objectives.
3. Take reasonable risks, measure results and learn quickly from successes and failures.
4. Engage the municipal government and community stakeholders to evaluate emerging utility services and technologies to ensure constructive collaboration.

GUIDELINES

Guideline:	Utilities Board Annual Evaluation (G-1)	Date of Adoption:	January 18, 2017
Applicable Policy Title (Number):	Utilities Board Evaluation (C-2)	Revision Date:	
		Revision Number:	

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.

AWAITING VERIFICATION

GUIDELINES

Guideline:	Committee Purpose, Structure and Operation (G-2)	Date of Adoption: January 18, 2017
Applicable Policy Title (Number):	Operational Resources (P-5)	Revision Date:
		Revision Number:

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.~~
- ~~6.5~~ 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.

AWAITING VERIFICATION

GUIDELINES

Guideline:	Compliance Report Frequency and Method (G-3)	Date of Adoption:	December 19, 2016
Applicable Policy Title (Number):	Organizational Oversight (E-2.3)	Revision Date:	
		Revision Number:	

Compliance Report Frequency and Method

<u>Policy</u>	<u>Compliance Report</u>	<u>Method</u>	<u>Frequency</u>
I - 1	Pricing of Services	Internal	Annual
I - 2	Financial Condition and Activities	Internal City Auditor	Quarterly Annual
I - 3	Financial Planning and Budgeting	Internal	Annual
I - 4	Risk Management	Internal City Auditor External	Semi-Annual Annual Years ending in 0 or 5
I - 5	Economic Development	Internal	Annual
I - 6	Infrastructure	Internal	Semi-Annual
I - 7	Water Supply Management	Internal	Annual
I - 8	Asset Protection	Internal City Auditor	Semi-Annual Annual
I - 9	Treatment of Customers and Customer Information	Internal	Annual
I - 10	Treatment of Staff	Internal	Annual
I - 11	Compensation and Benefits	Internal	Annual
I - 12	Environmental Stewardship	Internal	Annual
I - 13	Community Investment	Internal	Annual
I - 14	Enterprise Innovation	Internal	Annual

GUIDELINES

Guideline:	Evaluation of the Chief Executive Officer's Performance (G-4)	Date of Adoption: May 16, 2018
Applicable Policy Title (Number):	Evaluating Chief Executive Officer Performance (E-1.2)	Revision Date:
		Revision Number:

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.

GUIDELINES

Guideline:	Rate Design (G-5)	Date of Adoption:	September 19, 2014
Applicable Policy Title (Number):	Pricing of Services (I-1)	Revision Date:	February 17, 2021
		Revision Number:	2

Rate Design

1. Rates should be designed applying the principles of economic efficiency and revenue stability.
 - A. Economic efficiency supports efficient use of resources, promotes innovative response to changing demand and supply patterns and leads to optimal consumer and utility decision-making in new technologies and resources, such as those that recognize time varying costs and benefits of demand response (i.e., rate design that recover costs that vary with time or demand and/or encourage efficient use of resources).

A proposed rate may be designed based on the ability of a customer class to influence system efficiency and maintain high load factor usage that result in deferring capital costs for added capacity.
 - B. Rates support revenue stability through sufficient and predictable recovery of the approved revenue requirement.
2. Applying the remaining supporting pricing principles of equitable for all customers, customer satisfaction and customer bill stability will be considered holistically in rate design.
 - A. A rate is considered equitable for all customers if it is within plus or minus five percent (5%) of the customer class costs established by a Cost of Service study.
 - B. Economic development supports attracting and/or retaining customers in the Colorado Springs area is an appropriate consideration in the design of rates for certain rate classes.
3. Prior to rate design, a Cost of Service study should be used, where appropriate, to establish costs assigned to each customer class and may vary substantially from study to study.
 - A. Deviation from a Cost of Service study should be described in the rate filing.

GUIDELINES

Guideline:	Electric and Gas Cost Adjustments (G-6)	Date of Adoption:	January 20, 2016
Applicable Policy Title (Number):	Pricing of Services (I-1)	Revision Date:	September 28, 2022
		Revision Number:	2

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. Utilities Electric and Natural Gas Rate Schedules allow cost adjustment rates to be changed as often as monthly to pass-through cost in a timely manner 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 (effective January, April, July and October) to pass-through forecasted fuel related costs.
 - A. When collected balances are within plus \$10,000,000 or minus \$5,000,000, quarterly refunding/recovery of balances will be based on the proportionate share of forecast sales and target a zero-dollar collected balance at the end of a 24-month period.
 - B. When collected balances exceed plus \$10,000,000 or minus \$5,000,000, quarterly refunding/recovery of balances will be based on the proportionate share of forecast sales and target a zero-dollar collected balance at the end of a 12-month period.
4. Based on relevant or unexpected circumstances, Utilities may propose rate adjustments using alternative balance refunding/recovery periods.

GUIDELINES

Guideline:	Local Vendor (G-7)	Date of Adoption: May 16, 2018
Applicable Policy Title (Number):	Financial Condition and Activities (I-2)	Revision Date:
		Revision Number:

Local Vendor

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.

GUIDELINES

Guideline:	Water Reserve (G-8)	Date of Adoption:	May 16, 2018
Applicable Policy Title (Number):	Financial Planning and Budgeting (I-3)	Revision Date:	July 20, 2022
		Revision Number:	1

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. One hundred percent (100%) of actual revenue greater than budget will be allocated annually 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 fifty percent (50%) of the water reserve account, as of January 1 of the current fiscal year, will be used to supplement current year budgeted expenditures.
6. Funds in excess of \$10 million in the water reserve account may be transferred to the water acquisition account.

GUIDELINES

Guideline: **At-Will Senior Management Severance (G-9)** Date of Adoption: **May 16, 2018**

Applicable Policy Title (Number): **Compensation and Benefits (I-11)** Revision Date:

Revision Number:

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

GUIDELINES

Guideline:	Affordable Housing (G-10)	Date of Adoption:	May 16, 2018
Applicable Policy Title (Number):	Community Investment (I-13)	Revision Date:	September 19, 2018
		Revision Number:	1

Affordable Housing

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).

GUIDELINES

Guideline:	Community Support (G-11)	Date of Adoption:	May 16, 2018
Applicable Policy Title (Number):	Community Investment (I-13)	Revision Date:	May 18, 2022
		Revision Number:	4

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. The 0.1 percent limitation set forth in this guideline shall not include the matching dollars provided by Colorado Springs Utilities to the Project COPE utilities bill assistance program. Operating revenues are revenues from charges to customers for sales and services for Electric, Streetlight, Gas, Water, Wastewater and products and services. All other revenue sources not meeting this definition are reported as nonoperating revenues.
2. Allocate 100 percent of Community Focus Fund grant dollars to nonprofit organizations in support of programs addressing issues that have been identified as important to our customers:
 - Affordable Housing
 - Community
 - Education
 - Environment
 - Safety and Health
 - Seniors
 - Youth
3. Fully match customer donations to the Project COPE (Citizens Option to Provide Energy) utilities bill assistance program up to \$500,000 annually.

GUIDELINES

Guideline:	Urban Planning Area Utility Infrastructure Master Plan (G-12)	Date of Adoption:	March 20, 2019
Applicable Policy Title (Number):	Infrastructure (I-6)	Revision Date:	
		Revision Number:	

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.

AWAITING VERIFICATION

GUIDELINES

Guideline:	Water Acquisition Account (G-13)	Date of Adoption:	July 20, 2022
Applicable Policy Title (Number):	Financial Planning and Budgeting (I-3)	Revision Date:	
		Revision Number:	

Water Acquisition Account

1. A water acquisition account is established and maintained to fund expenditures that enable timely acquisitions and participation in supply projects that increase raw water system yield.
2. The water acquisition account will be used to partially or completely fund acquisitions and projects that fulfill long range water supply and resiliency goals and levels of service.
3. The water acquisition account will be funded by the Water Resource Fee and potential transfers from the water reserve account. The water acquisition account may also be supported by other sources of water revenue and/or sources of debt in accordance with the Annual Operating and Financial Plan or as directed by Utilities Board.
4. An account balance of at least \$40 million will be targeted through a combination of cash and access to other sources of liquidity.
5. Colorado Springs Utilities will periodically evaluate, in light of approved enterprise financial metrics: (a) whether the sources of funding of the water acquisition account are sufficient to maintain the water acquisition account balance target and (b) whether the water acquisition account balance target is sufficient to fulfill long range water supply and resiliency goals and levels of service.

RESULTS

Category:	Utilities Board/Chief Executive Officer Partnership Expectations	Date of Adoption:	December 18, 2017
Policy Title (Number):	Utilities Board Expected Results (ER: 1-3)	Revision Date:	November 16, 2022
		Revision Number:	1

The Utilities Board monitors achievement of organizational results through Utilities Board Expected Results. Measures and targets were approved in November for the following year.

2023 Board Expected Results

1. Rates:

- A. Residential Electric Service - Front Range Comparison will be in the target range of +/- 5.0% of average
- B. Residential Natural Gas Service – Front Range Comparison will be in the target range of +/-5.0% of average
- C. Residential Water Service – Front Range Comparison will be in the target range of 20.1 – 30.0% higher than average
- D. Residential Wastewater Service – Front Range Comparison will be in the target range of +/-5.0% of average
- E. Small Commercial 4-Service Bill – Front Range Comparison will be in the target range of +/- 5.0% of average
- F. Industrial Electric-intensive Customer Bill – Front Range Comparison will be in the target range of 10.0 – 15.0% lower than average
- G. Industrial Electric – Nationwide Comparison will be in the target range of +/-5.0% of average
- H. Days Cash on Hand – Current Year will be in the target range of 151–160 days
- I. Days Cash on Hand – 3 Year Average will be in the target range of 151–160 days
- J. Adjusted Debt Service Coverage Current Year will be in the target range of 1.80 – 1.90 times
- K. Adjusted Debt Service Coverage 3 Year Average will be in the target range of 1.80 – 1.90 times
- L. Debt Ratio – Current Year will be in the target range of 54.2 – 50.2%
- M. Debt Ratio – 3 Year Average will be in the target range of 54.2 – 50.2%
- N. Bond Rating will be in the target range of Standard & Poors AA, Moody's Investors Service: Aa2, Fitch Ratings: AA

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 6.00 – 4.00 failures
- C. Water – Failures per 100 miles of mainline will be in the target range of 12.00 – 10.00 failures

- D. Wastewater – Failures per 100 miles of mainline will be in the target range of 0.75 – 0.51 failures
 - E. Major Projects
 - i. Sustainable Energy Project Cost Performance Index (CPI) will be in the target range of 0.95 – 1.05
 - ii. Infrastructure Coordination with City will be in the target range of 0.94 – 1.06
 - iii. Fiber Network Expansion Program will be in the target range of 0.95 – 1.05
 - iv. Gas Distribution Integrity Management Program Construction and Operations Implementation will be in the target range of 3.0 – 3.9
3. Relationships:
- A. Customer Satisfaction – Residential will be in the target range of 2.50 – 3.49
 - B. Customer Satisfaction – Business will be in the target range of 2.50 – 3.49
 - C. Environmental Stewardship – Environmental Index will be in the target range of 75.00 – 85.99
 - D. Safety: Occupational Injuries and Illnesses Rate will be in the target range of +/-10% of Benchmark
 - E. Skilled Workforce – Workforce Index will be in the target range of 2.70 – 3.49

Appendix

AWAITING VERIFICATION

APPENDIX

Document Title:	City Charter Related to Colorado Springs Utilities Governance (Charter, Article 6)
	City Code Related to Colorado Springs Utilities Governance (Chapter 12)
	City Code of Ethics
	Utilities Board Bylaws
	Utilities Policy Advisory Committee Bylaws

AWAITING VERIFICATION



Colorado Springs Utilities

It's how we're all connected

UTILITIES BOARD

BYLAWS

Originally Adopted: May 21, 1997
Revised and Approved: August 17, 2022

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**COLORADO SPRINGS UTILITIES
UTILITIES BOARD
BYLAWS**

RULE 1. - BOARD OF DIRECTORS

(a) The City Council serves as the Board of Directors of Colorado Springs Utilities pursuant to Section 6-40(a) of the City Charter.

(b) The authority of the Utilities Board is set forth in Article 1 of Chapter 12 of the Code of the City of Colorado Springs.

(c) The Board's job description and details of the Policy Governance process utilized by the Board in carrying out its responsibilities are contained in the Utilities Board Policies.

RULE 2. - BOARD OFFICERS AND DUTIES

(a) The officers of the Utilities Board are the Chair, Vice Chair and Secretary. The Chair and Vice Chair of the Utilities Board shall be elected by and from the members of the Utilities Board. The Chair of the Utilities Board shall have a voice and vote in the Utilities Board's proceedings. The Chair of the Utilities Board shall be recognized as leader of the Utilities Board. The Utilities Board will select the Utilities Board member to serve as Chair of the Utilities Board and the Utilities Board member to serve as Vice Chair of the Utilities Board by majority vote.

(b) Terms of office for the Utilities Board Chair and the Utilities Board Vice-Chair shall be two years. At its first regular meeting on or after the third Tuesday in April of each odd-numbered year, and biennially thereafter, the Utilities Board

shall elect one of its members as Chair of the Utilities Board and one of its members as Vice Chair of the Utilities Board.

(c) The Chair of the Utilities Board, or in the Chair's absence, the Vice Chair of the Utilities Board, shall chair all regular or special meetings of the Utilities Board. In the absence of both the Chair of the Utilities Board and Vice Chair of the Utilities Board, the Utilities Board member with the most seniority present at the meeting shall chair the meeting and perform the duties of the Chair at the meeting. If two or more members have equal seniority, the Utilities Board shall select one of the most senior Utilities Board members to chair the meeting and perform the duties of the Chair at the meeting.

(d) The Chair of the Utilities Board may be removed from the office of Chair of the Utilities Board, but not as a Utilities Board member, by a vote of at least five (5) members of the Utilities Board.

(e) The Chief Executive Officer, or the Chief Executive Officer's designee, shall serve as Secretary to the Utilities Board.

RULE 3. - BOARD COMMITTEES

(a) Colorado Springs Utilities Board has established four standing Committees of the Board (Finance Committee, Strategic Planning Committee, Personnel Committee, and the Program Management Review Committee). ~~The Board has established the Economic Development Subcommittee under the Strategic Planning and Finance Committees.~~ The Board may establish other

Committees and Subcommittees on an ad hoc basis and only by a vote of the Utilities Board. The Board will establish the purpose and authority of each Committee and Subcommittee. Committees and Subcommittees are authorized to provide information and recommendations to the Utilities Board but do not have approval authority over operations or activities.

(b) Committee and Subcommittee members are appointed from among members of the Utilities Board by the Utilities Board Chair and serve two-year terms concurrent with the municipal election cycle. Board Subcommittees may include citizens and customers appointed by the Utilities Board. Committee Chairs are appointed from among members of the Board Committees by the Utilities Board Chair and serve a two-year term concurrent with the municipal election cycle. The Subcommittee Chair is selected by the Board Members on the Subcommittee and serves a two-year term concurrent with the municipal election cycle. Committees will have a minimum of three Board members. Subcommittees will have a minimum of two Board members.

(c) In the absence of the Chair during any Committee or Subcommittee meeting, the Committee or Subcommittee may designate a Chair. Regular attendance of members at Committee and Subcommittee meetings is expected in order for the Committee or Subcommittee to function effectively. Committee and Subcommittee Board members may be removed by the Utilities Board Chair. Subcommittee citizen and customer members may be removed by the Utilities Board.

(d) Committees and Subcommittees will meet as often as may be deemed necessary or appropriate.

(e) Public notice of all meetings of the Committee or Subcommittee shall meet governing legal requirements. The notice shall be served at least 24 hours prior to the time of such meeting. Copies of the agendas with attachments for meetings will be distributed to Committee or Subcommittee members 24 hours prior to the time of such meeting.

(f) The Chief Executive Officer will provide Utilities staff support for Committees and Subcommittees. The Chief Executive officer or designee will be responsible for preparing draft agendas for review and approval by the Committee or Subcommittee Chair and for keeping minutes of all Committee or Subcommittee meetings. Copies of the minutes shall also be provided to members of the Utilities Board.

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

(h) A Committee or Subcommittee member's attendance at a Committee or Subcommittee meeting may be achieved electronically and/or telephonically with the approval of the Committee or Subcommittee Chair.

RULE 4. - MEETINGS

(a) The regular meetings of the Utilities Board shall be held at 1:00 pm on the Wednesday following the third Tuesday of

each month, unless another time for a specified regular meeting has been approved by the Chair or the Utilities Board and notice of the changed time for the specified regular meeting has been given in accordance with subsection (f) of this rule to the extent practical under the circumstances. In the event the time of a specified regular meeting is changed, the Chair or the Utilities Board, as appropriate, shall also direct any change in the times for agenda preparation and distribution as necessary under the circumstances.

(b) The regular meetings of the Utilities Board shall be held in the Blue River Board Room, 5th Floor, Plaza of the Rockies South Tower, 121 S. Tejon Street, Colorado Springs, Colorado, unless another location for a specified regular meeting has been approved by the Chair or the Utilities Board and the substitute location for a specific regular meeting is specifically described in the agenda for that specific meeting.

(c) Five members of the Utilities Board shall constitute a quorum, but in the absence of a quorum, members present may adjourn the meeting to a later date or may attend to any matters not requiring a quorum. For the purpose of establishing a quorum, the Mayor shall not be counted as one of the five necessary members.

(d) Special meetings of the Utilities Board may be held at such time and place as stated in the notice of the meeting. The Chair may, or, upon the request of three Utilities Board members, shall call special meetings of the Utilities Board by notice to each of the Utilities Board members in writing, which notice shall state the purpose for which the meeting is called. The notice shall be served at least 24 hours prior to the time of such meeting. The notice shall be served personally or by email to each

Utilities Board member at the email address shown on the Secretary's records.

(e) The Utilities Board by majority vote may recess a regular or special meeting to a time specified in the motion therefore.

(f) Public notice of all regular and special meetings of the Utilities Board shall at all times meet governing legal requirements. Copies of the complete agenda packet including all attachments will be posted on csu.org no later than one week before the meeting is to commence.

(g) The Board shall determine what monthly agenda topics are required as part of its annual planning calendar.

(h) The general format of monthly agendas shall be determined by the Board.

(i) The Chief Executive Officer shall be responsible for preparation of a draft agenda for each regular Utilities Board meeting. The draft agenda shall be reviewed by the Chair who shall have final authority as to items to be included on the monthly agenda in addition to the items required to be considered by the Boards' annual planning calendar.

(j) Agendas with attachments for regular meetings will be distributed to Utilities Board members by 5:00 p.m. on Wednesday of the week preceding each regular meeting.

(k) Utilities Board members may request agenda items by contacting the Chief Executive Officer's Office or the Manager of Strategic Planning and Governance or the Utilities Board Administrator. The cut-off time for requesting additional agenda items for regular meetings shall be 5:00 p.m. on Monday of the week preceding the regular

meeting. For good cause, the Chair may authorize additional action or executive session items to be placed on the agenda for an upcoming meeting after this deadline provided that public notice of such additional action or executive session items is given in accordance with legal requirements and provided notice thereof is given to Board members in the same manner as required for a notice of special meeting under Rule (4)(d) above.

(l) As part of General Board Discussion, any Board member may raise any matter of concern relating to Utilities for discussion. However, no Board action can be taken on any such matter until it is placed on an agenda for a regular meeting or is a subject of a special meeting. Expense reimbursement matters may be discussed as part of General Board Discussion.

(m) Any Board members desiring to speak or to make a motion shall address the Chair as “Mr. (or Madam) Chair”, and the Chair shall thereupon pronounce the name of the Board member entitled to the floor. Board members addressing the Board shall confine themselves to the issues being discussed.

(n) A Board member’s presence at a Utilities Board meeting may be achieved electronically and/or telephonically with the approval of the Board Chair. Except in the event of extenuating circumstances, requests to attend a Utilities Board meeting electronically and/or telephonically must be submitted to the Board Chair no less than 7 days prior to a regular meeting of the Utilities Board, or no less than 12 hours prior to any special meeting of the Utilities Board.

RULE 5. - CUSTOMER AND PUBLIC COMMENT

(a) At each regular Utilities Board meeting, customers and members of the public shall be allowed to comment on any matters not on the current agenda and that are not repetitious, during the Customer Comment period. Individuals will be allowed a maximum of three (3) minutes, and the Customer Comment period will not exceed thirty minutes at each regular meeting. Time limits will be strictly enforced by Chair of the Utilities Board, unless the Chair agrees to extend the maximum time.

(b) At the discretion of the Chair, or the majority of Utilities Board members present, customers and members of the public will be allowed to comment or ask questions concerning other agenda items at regular meetings or concerning matters discussed at special meetings. Such comments or questions will be limited to three (3) minutes each, and will not exceed thirty minutes on any agenda item.

(c) Customers and members of the public may address the Utilities Board in person, electronically, or telephonically.

RULE 6. - BOARD ACTIONS

(a) Provided a quorum is present, the Utilities Board may take action only by resolution or motion.

(b) Resolutions or motions shall be approved by the majority vote of the members of the Utilities Board present, except that the affirmative votes of five members of the Utilities Board are required for adoption or revision of the Bylaws, adoption or revision of written Board Policies, and approval of any motion or resolution providing for the expenditure of money.

(c) A voice vote will be used for all Board items requiring a vote, with full details recorded in the minutes of the Utilities Board meeting. An additional roll call vote may be used as necessary for clarity or in the event a Board member is participating electronically and/or telephonically.

(d) Utilities Board resolutions shall be signed by the Chair and the Chief Executive Officer.

RULE 7. - MOTIONS

(a) When a motion is made and seconded, it may be restated by the Chair or by the Chief Executive Officer before a debate and again before the final vote. Any member may demand that a motion be reduced to writing. A motion may not be withdrawn by the mover without the consent of the second.

(b) When an item is before the Utilities Board, no motion shall be entertained except as listed according to priority (highest to lowest):

(1) Motion to Adjourn - Requires a second, is not debatable, is not amendable, and requires a majority vote of those present.

(2) Motion to Recess - Requires a second, is not debatable, is amendable only as to time and duration of recess, and requires a majority vote of those present.

(3) Motion to Postpone Temporarily - Requires a second, is not debatable, is not amendable, and requires a majority vote of those present.

(4) Motion to Close Debate - Requires a second, is not debatable, is not amendable, and requires a 2/3 vote of those present.

(5) Motion to Limit or Extend Debate - Requires a second, is debatable as to type and time of limitations, is amendable as to time and type of limitations, and requires a 2/3 vote of those present.

(6) Motion to Postpone to a Definite Time - Requires a second, is debatable as to reasons for postponement and date of reconsideration, is amendable as to date of reconsideration, and requires a majority vote of those present.

(7) Motion to Refer - Requires a second, is debatable as to the referral, is amendable as to the referral, and requires a majority vote of those present.

(8) Motion to Amend - Requires a second, is debatable unless applied to an undebatable motion, is amendable, and requires a majority vote of those present.

(9) Motion to Postpone Indefinitely - Requires a second, is debatable, is not amendable, and requires a majority vote of those present.

(10) Motion to Reconsider - Requires a second, is debatable, is not amendable, and requires a majority vote of those present. This motion can be made at the same meeting or at a meeting other than the meeting at which the action was taken. If made at a meeting other than the meeting at which the action was taken, all members of the

Utilities Board must be given at least seven days written notice by the Chief Executive Officer that a named Board member is going to move to reconsider Item No. _ of the formal Utilities Board Agenda of (Date). If the motion to reconsider is voted upon and approved, no action shall be taken on the item reconsidered until the next regular Utilities Board meeting.

(11) Main Motions - Requires a second, is debatable, is amendable, requires a majority vote of those present.

(c) In making any of the above motions, the motion maker may not interrupt another speaker.

RULE 8. - SPECIAL MOTIONS

(a) These motions must be disposed of immediately:

(1) Motion Objecting to Consideration - This motion must be made immediately after an item is called to the attention of the Utilities Board by the Chief Executive Officer. This motion enables the Utilities Board to avoid a main motion that would be undesirable to consider at the time. It does not require a second, is not debatable, is not amendable, and requires a 2/3 vote of those present.

(2) Motion to Withdraw - A mover of any motion may withdraw the motion as a matter of right so long as the consent of the second is first obtained.

(3) Motion to Suspend Rules - This motion applies to all procedural rules herein. The purpose of this rule is to enable the Utilities Board to set aside one or more of its procedural rules that

would otherwise prevent consideration of a certain action. A motion to suspend rules suspends only those rules which specifically interfere with the consideration of the particular action involved. The rules are suspended only temporarily and are automatically reactivated when the proposed action has been considered. Voting or notice requirements set forth in these Bylaws and rules set forth in the City Charter, City Code, Utilities tariffs or written Board Policies may not be altered by suspending the rules. A motion to suspend rules is not a debatable motion and may not be amended. It requires a majority vote of the Utilities Board members present.

RULE 9. - MINUTES AND RECORDINGS

(a) The Chief Executive Officer will be responsible for keeping minutes of all Utilities Board meetings. Minutes of the previous regular meeting and any special meetings occurring in the previous month shall be included in the Utilities Board member's agenda packets for distribution prior to each regular meeting.

(b) All regular and special Utilities Board meetings will be recorded, and the audio recordings will be archived.

(c) Minutes of the Utilities Board shall be archived and then posted on Colorado Springs Utilities' website, for a minimum of three (3) years, in order to be available for public access.

RULE 10. - EXECUTIVE SESSION PROCEDURES

(a) The Chief Executive Officer and the City Attorney's Office Utilities Division

Chief shall prepare the agenda for the Executive Session of the Utilities Board 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 Executive Session as set forth below. The Chair shall poll Board members, and, upon consent of two thirds of the Board members present, not including the Mayor if he or she is present, may hold a closed Executive Session. The Mayor may attend an Executive Session, but must comply with Rule 13 when in attendance at an Executive Session. If consent to the closed Executive Session is not given, the item may be discussed in open session or withdrawn from consideration.

(c) No adoption of any proposed policy, position, resolution, rule, regulation or formal action shall occur in Executive Session which is not open to the public. However, Utilities Board members may receive information and provide direction, as provided by law in the following areas:

- (1) Purchase, acquisition, lease, transfer, or sale of any real, personal or other property interests.
- (2) Conferences with the City Attorney or other attorneys for Utilities, for the purposes of receiving legal advice on specific legal questions, issues or matters.
- (3) Matters required to be confidential by federal or state law or rules and regulations.
- (4) Specialized details of security arrangements or investigations.

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

(6) Personnel matters except if the employee who is subject of the session has requested an open hearing, or if the personnel matter involves more than one employee, all the employees have requested an open meeting.

(7) 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) Executive Sessions will be electronically recorded, and the audio recordings will be archived. All such recordings shall be privileged and confidential records.

(e) Any items discussed in Executive Session requiring formal Utilities Board or Council consideration ordinarily will be put on the next regular Utilities Board or City Council meeting agenda as a Utilities Business item.

(f) Nothing herein shall restrict the Board from deciding to hold an Executive Session regarding any other agenda item provided such decision meets the criteria set forth in sub paragraph 10 (c) above.

(g) Prior to entering into any Executive Session, Board members participating electronically or telephonically shall ensure that no other individual not authorized to

participate in the Executive Session is present or able to hear the matter discussed as part of the Executive Session.

RULE 11. - EXPENSE REIMBURSEMENT

(a) Utilities Board may authorize reimbursement of expenses incurred by its members for travel and educational purposes relating to their duties as Utilities Board members. Such reimbursements shall be in accordance with Colorado Springs Utilities then current travel policies. Any conflicts or issues shall be resolved by the Utilities Board.

(b) No vote of Utilities Board or of City Council shall be required to authorize such reimbursements.

(c) The appropriate Staff of Colorado Springs Utilities will coordinate necessary travel arrangements and will process reimbursement requests.

RULE 12. - MODIFICATION OF BYLAWS

(a) Utilities Board members can suggest modifications to Bylaws by placing the matter as an agenda item at a regular Utilities Board meeting.

(b) The Chief Executive Officer may suggest Bylaw revisions, but the decision to bring any such matters to a vote will be reserved to the Utilities Board.

RULE 13. - ROLE OF THE MAYOR ON THE UTILITIES BOARD

The Mayor shall have the right, but not the obligation, to attend Utilities Board meetings. Under City Charter Art. 6- 40(a), which states that the Mayor is “an ex officio

and non-voting member” of the Utilities Board, he or she does not have the right to vote as part of the Utilities Board; additionally, the Mayor shall not make or second any motions as a member of the Utilities Board. The Mayor may participate freely, within the procedural rules of the Utilities Board, in discussions, asking questions, and providing comments. Additionally, the Mayor may attend Executive Sessions of the Utilities Board in accordance with Rule 10.

RULE 14. – APPLICATION OF CITY COUNCIL RULES

In the event these Bylaws do not address a matter or issue, and such matter or issue is addressed by the Rules and Procedures of City Council, the Utilities Board shall apply the Rules and Procedures of City Council when considering such matter or issue.

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, May 17, 2023

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Dave Donelson, Vice Chair Mike O'Malley, Randy Helms, Nancy Henjum, Yolanda Avila, Lynette Crow-Iverson, David Leinweber, Brian Risley and Michelle Talarico

Staff members present via Microsoft Teams or Blue River Conference Room: Travas Deal, Natalie Watts, Andie Buhl, Joe Awad, David Longrie, Mike Francolino, Renee Adams, Abby Ortega, Scott Shirola, Kalsoum Abbasi, Tristan Gearhart and Bryan English

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Alex Ryden, Renee Congdon, Chris Bidlack, Jackie Rowland, Mari Deminski and Peter Wysocki

Citizens present via Microsoft Teams or Blue River Conference Room: Gary Burghart and Ray O'Sullivan

1. Call to Order

Chair Donelson called the Utilities Board meeting to order at 1:00 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Chaplain Matt Kasper delivered the invocation and Chair Donelson led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Utilities Board Meeting Minutes: April 19, 2023

Board Member Helms moved approval of the Consent Calendar and Board Member Crow-Iverson seconded the motion. The Consent Calendar was unanimously approved.

4. Customer Comments

There were none.

5. Compliance Reports

- I-2 Financial Condition and Activities (to include Contracts Over \$500K) G-7 – Q1
- I-2 Financial Condition and Activities - Annual City Auditors Report G-7 (Annual external)

- I-8 Asset Protection - Annual City Auditors Report
- E-2 CEO Responsibilities
 - Water Outlook
 - ECA/GCA Monitoring

Ms. Kalsoum Abbasi, Planning Supervisor – Water Conveyance, discussed local weather conditions as of April 30, 2023 and the U.S. drought monitor, which shows abnormally dry and drought conditions across eastern Colorado, with areas in western Colorado free from drought. She said the snowpack in the Arkansas River Basin is 87% of normal as of May 15 and the snowpack in the Colorado River Basin is 137% of normal as of May 15.

Ms. Abbasi said the statewide SNOTEL (SNOWpack TELEmetry) map shows that watersheds in western Colorado are at or above normal snow water equivalent, with lower-than-average SWE (Snow Water Equivalent) in eastern Colorado watersheds. She explained that May 1 yield forecast predicts 100% of average yield from Colorado Springs' water collection systems this year. Ms. Abbasi said water demand in April averaged 49.3 million gallons per day, which was 6.7% less than last year. She reviewed monthly water use for April 2023 with a total water use of about 1.48 billion gallons.

Ms. Abbasi discussed Colorado Springs' system wide storage, which is about 183,600 acre-feet, or 70.8% of capacity. She pointed out this is above the shorter-term (2001-2022) average of 67% for this time of year. She said Colorado Springs' system wide storage was about 183,200 acre-feet, or 70.7% of capacity, on April 30, which is just below the longer-term (1991-2021) average of 72% for this time of year. Ms. Abbasi said this equates to about 2.6 years of demand in storage.

Mr. Travas Deal, Chief Executive Officer, expressed appreciation for Ms. Abbasi and wished her well during retirement. Chair Donelson and Board Member Avila also thanked Ms. Abbasi for her service to the organization.

6. Items Called Off Consent Calendar

There were none.

7. Water Service Extension Ordinance & Annexations

Ms. Abby Ortega, Resource Infrastructure Planning General Manager, said Ordinance No. 23-03 passed on Feb. 14, 2023 and codified as City Code section 12.4.305. She said it requires the Utilities Board to recommend and City Council to approval to the extend water service boundary. She said it does not apply to in-City development or areas already receiving City water service. Ms. Ortega said approval must be based on substantiated and written record demonstrating one of the following:

- B. 1. 128% of existing water usage* plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous

- OR -

2. A unique and extraordinary event or circumstance necessitates an extension of water services to serve critical interests of the City;
 - OR -
3. The area is an enclave, or the area is owned or leased by the City, or the extension will have a de minimis impact on the overall City's available water supply.

**Calculated using a five-year rolling average of unrestricted weather normalized usage data.*

Ms. Ortega reviewed Springs Utilities' application of ordinance language and overall annexation process.

Villages at Waterview North Annexation

Mr. Bryan English, Project Manager III, provided a property description and proposed development of the Villages at Waterview North Annexation. He reviewed the annexation petition status for the property and explained the annexation agreement. Mr. English reviewed the four-service (water, wastewater, natural gas and electric/fiber) perspective, capital cost for capacity, and application of water extension ordinance.

Customer comment:

Mr. Ray O'Sullivan expressed concerns about the cost recovery and the change of policy for this project.

Mr. English concluded with next steps, and the Utilities Board agreed to refer this to Planning Commission and City Council.

T5 Annexation

Mr. English provided a property description for the T5 Annexation. He provided an annexation petition status for the property and explained the annexation agreement. Mr. English reviewed the application of water extension ordinance. He concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

City Right-of-Way Annexations

Mr. English provided a property description for the City Right-of-Way Annexations, as well as their proposed developments and additions. He also reviewed the application of the water extension ordinance. Mr. English concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

Hope Chapel Additions No. 1 and 2 Annexations

Mr. English provided a property description for the Hope Chapel Additions No. 1 and 2 Annexations and an annexation petition status for the property. He also explained the annexation agreement and application of water extension ordinance. He concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

8. Fountain Valley Authority (FVA) Water Treatment Contract

Ms. Abby Ortega, Resource Infrastructure Planning General Manager, provided background information about the FVA which was established in 1979 to operate the Fountain Valley Conduit, the Water Treatment Plant and system. She said FVA partner entities include Colorado Springs, Fountain, Security, Stratmoor Hills, and Widefield. Ms. Ortega explained how the Fountain Valley conduit is owned by the Bureau of Reclamation and operated under a separate contract and the Water Treatment Plant is operated by the FVA under contract with the participating entities.

Ms. Ortega reviewed the terms of the contract between FVA members and the Authority:

- Term of contract is 40 years
- Will deliver water per terms in Conveyance Contract
- Details operation, metering, billing and insurance obligations
- Allows for delivery through Colorado Springs reverse flow if the Water Treatment Plant is down for maintenance with approval

Ms. Ortega concluded with next steps, and the Utilities Board agreed to put this item on Consent at the June 13, 2023 City Council meeting.

The Utilities Board took a break at 2:20 p.m. and returned at 2:32 p.m.

9. Clean Heat Plan

Mr. David Longrie, Engineering Manager, provided a Clean Heat Plan (CHP) overview and stated that the Colorado Senate Bill 21-264 was signed in June 2021. He said it requires gas utilities with more than 90,000 retail customers to develop, file, and receive approval of comprehensive clean heat plans designed to reduce greenhouse gas (GHG) emissions. Municipal gas distribution utilities shall submit their CHP to the Air Pollution Control Division (Division) no later than Aug. 1, 2023 for verification.

Mr. Longrie reviewed regulatory considerations and differences. He explained how Springs Utilities, as a municipal utility, must set rules for compliance within legislative provisions. Mr. Longrie said the CHP must include a robust public process, which will educate and bring awareness to customers of the requirements and the incentives available. He said stakeholders will be able to provide feedback that will be taken into consideration before submittal of the CHP. He also reviewed the CHP guidance document, which states:

- Springs Utilities will utilize clean heat resources to the maximum extent practicable and count greenhouse gas emission reductions resulting from the use of those resources.
- Springs Utilities shall calculate a baseline level of emissions for calendar year 2015.

- Springs Utilities shall exclude emissions from its power plants served by Springs Utilities' gas distribution system as those emissions are accounted for under Springs Utilities' Clean Energy Plan.
- Springs Utilities will use 2015 actual revenue adjusted for the gas cost adjustment (GCA) balance – an annual cost impact of \$2.5 - \$4 million.

Mr. Longrie said Springs Utilities' CHP application shall:

- Present a plan to implement clean heat resources throughout the clean heat plan action period.
- Demonstrate that the clean heat plan will result in greenhouse gas emissions reductions necessary to meet the applicable clean heat targets or show compliance with the cost cap.
- Demonstrate that the activities contemplated in the clean heat plan facilitates Springs Utilities' ability to meet future greenhouse gas emission reduction targets.
- No later than Aug. 1, 2023, the largest municipal gas distribution utility in Colorado, as determined by the volume of gas sold in Colorado, shall file its first application for approval of a CHP.

Mr. Longrie said Springs Utilities shall present the following portfolios of clean heat resources:

- At least one portfolio shall use the maximum amount of clean heat resources practicable and also comply with a 2.0/2.5% annual retail cost impact cap;
- This portfolio may or may not meet the clean heat target in the applicable plan period, but must demonstrate reductions in methane emissions;
- At least one portfolio shall meet the clean heat target regardless of the annual retail cost impact of such portfolio;
- Springs Utilities may present other alternative portfolios;
- Springs Utilities shall identify a preferred portfolio that best balances, given the information available, the goals of maintaining just and reasonable rates, maintaining system safety, reliability, and resiliency, protecting disproportionately impacted communities, and contribution to statewide progress on meeting the greenhouse gas emission reduction goals established in § 25-7-102(2)(g), C.R.S.

Mr. Longrie explained how Springs Utilities shall provide a prospective gas demand side management (DSM) plan demonstrating the organization's proposed expenditures by year for each DSM program. He concluded with next steps for the CHP.

10. Economic Development Subcommittee Dissolution

Ms. Natalie Watts, Strategic Planning and Governance Manager, said according to the Utilities Board Bylaws:

- *The Utilities Board may establish subcommittees on an ad hoc basis by a vote of the Utilities Board. Subcommittees are authorized to provide information and recommendations to the Utilities Board but do not have approval authority over operations or activities.*

Ms. Watts said in 2018, the Economic Development Subcommittee (EDSC) was established by the Utilities Board to review performance and compliance with Utilities Board policies and guidelines. She said the subcommittee is comprised of Utilities Board Members and external economic development stakeholders and makes recommendations to the Finance and Strategic Planning Committees.

Ms. Watts reviewed staff's recommendation which is to dissolve the EDSC for the following reasons:

- There is an overlap between Utilities Board membership and materials reviewed on the Strategic Planning, Finance committees and EDSC — creating redundancy.
- Outside of the annual compliance reports, there has not been a significant amount of materials for this subcommittee to review and make recommendations on to justify an entire subcommittee, staff time and resources and additional work plan.

Vice Chair O'Malley moved approval of the recommendation and Board Member Henjum seconded the motion. The recommendation to dissolve EDSC was unanimously approved.

11. Board Member Updates

Board Member Helms shared efforts he uses at home to reduce water usage.

Board Member Leinweber said he is in the process of making his home operate fully on solar.

Board Member Henjum and Mr. Deal provided an update about the regional water task force.

Board Member Avila provided updates from Springs Utilities' Delta potluck event and the May Personnel Committee meeting regarding diversity hires at Springs Utilities.

Board Member Talarico expressed appreciation from attending the Program Management Review (PMR) fiber tour.

Chair Donelson and Mr. Deal recognized Mr. Doug Lyons, Vegetation Management Program Manager, for receiving an award on Arbor Day. Chair Donelson provided an update from the energy public meeting that took place on May 8, and he also shared how beneficial the PMR fiber tour was for the Utilities Board.

12. Summary of Board Actions

There were none.

13. Adjournment

The meeting adjourned at 2:56 p.m.

AWAITING VERIFICATION

AGENDA
Wednesday, June 21, 2023
1:00 p.m.
Join on your computer or mobile app
[Click here to join the meeting](#)
Or call in (audio only)
[+1 719-733-3651,,804991373#](#)

1:00 p.m.	1. Call to Order	Chair Donelson	
1:05 p.m.	2. Invocation and Pledge of Allegiance		
1:10 p.m.	3. Consent Calendar These items will be acted upon as a whole, unless a specific item is called for discussion by a Board Member or a citizen wishing to address the Utilities Board. (Any items called up for separate consideration shall be acted upon following Compliance Reports.)	Chair Donelson	
	3a. Approval of Utilities Board Meeting Minutes: May 17, 2023	Chair Donelson	Approval
1:15 p.m.	4. Recognition: Fort Carson Intergovernmental Support (IGSA) Recognition	Travas Deal, Chief Executive Officer	Information
1:25 p.m.	5. Customer Comments <ul style="list-style-type: none"> • During the customer comment period, comments are accepted for any topic not on the agenda. • Comments for specific agenda items will be taken following the presentation of the item and the Board's discussion. • Comments will be limited to three minutes per speaker, per item. • Following the comments from customers that have signed up to speak, an announcement will be made seeking additional comments and the Board will accept all those wishing to comment. 	Chair Donelson	Information

1:35 p.m.	6.	Compliance Reports: Balanced Scorecard Audit E-2 CEO Responsibilities • Water Outlook	Travas Deal, Chief Executive Officer	Monitoring
1:50 p.m.	7.	Items Called Off Consent Calendar		
2:00 p.m.	8.	Amara Annexation Application of Water Extension Ordinance	Bryan English, Project Manager III	Discussion
2:30 p.m.	9.	Outside City Request for Water/Wastewater Service – 5290 Turquoise Drive	Bryan English, Project Manager III	Discussion
2:50 p.m.	10.	2023AB Bond Ordinance	Adam Hegstrom, Treasury and Finance Manager	Discussion
3:10 p.m.	11.	Fuel Related Rates Filing	Scott Shirola, Pricing and Rates Manager	Discussion
3:30 p.m.	12.	A Resolution Finding a Public Purpose in a Lease for Less Than Fair Market Value to the State of Colorado	Jessica Davis, Information Technology Manager	Discussion
3:50 p.m.	13.	A Resolution Authorizing the Acquisition of Real Property to be Used for the Central Bluffs Substation Project	Jessica Davis, Information Technology Manager	Discussion
4:10 p.m.	14.	Electric Integrated Resource (Clean Energy Plan) and Clean Heat Plans	David Longrie, Engineering Manager Abby Ortega, Resource Infrastructure Planning General Manager	Approval
4:20 p.m.	15.	Board Member Updates	Board of Directors	Information

- | | | |
|----------------------|--|---|
| 4:30
p.m. | 16. Summary of Board Actions | Andie Buhl,
Utilities Board
Administrator |
| 4:40
p.m. | 17. Executive Session
<i>In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Law, C.R.S. § 24-6-402(4)(b) and Utilities Board Bylaws Rules 10(c)(2), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session on one issue. The issue to be discussed involves conferences with the City Attorney’s Office and outside counsel for the purpose of receiving legal advice on specific legal questions.</i>

<i>The City Attorney’s Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.</i> | Renee Congdon,
Division Chief –
Utilities, Office of
the City Attorney |
| 5:40
p.m. | 18. Adjournment | Chair Donelson |

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, May 17, 2023

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Dave Donelson, Vice Chair Mike O'Malley, Randy Helms, Nancy Henjum, Yolanda Avila, Lynette Crow-Iverson, David Leinweber, Brian Risley and Michelle Talarico

Staff members present via Microsoft Teams or Blue River Conference Room: Travas Deal, Natalie Watts, Andie Buhl, Joe Awad, David Longrie, Mike Francolino, Renee Adams, Abby Ortega, Scott Shirola, Kalsoum Abbasi, Tristan Gearhart and Bryan English

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Alex Ryden, Renee Congdon, Chris Bidlack, Jackie Rowland, Mari Deminski and Peter Wysocki

Citizens present via Microsoft Teams or Blue River Conference Room: Gary Burghart and Ray O'Sullivan

1. Call to Order

Chair Donelson called the Utilities Board meeting to order at 1:00 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Chaplain Matt Kasper delivered the invocation and Chair Donelson led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Utilities Board Meeting Minutes: April 19, 2023

Board Member Helms moved approval of the Consent Calendar and Board Member Crow-Iverson seconded the motion. The Consent Calendar was unanimously approved.

4. Customer Comments

There were none.

5. Compliance Reports

- I-2 Financial Condition and Activities (to include Contracts Over \$500K) G-7 – Q1
- I-2 Financial Condition and Activities - Annual City Auditors Report G-7 (Annual external)

- I-8 Asset Protection - Annual City Auditors Report
- E-2 CEO Responsibilities
 - Water Outlook
 - ECA/GCA Monitoring

Ms. Kalsoum Abbasi, Planning Supervisor – Water Conveyance, discussed local weather conditions as of April 30, 2023 and the U.S. drought monitor, which shows abnormally dry and drought conditions across eastern Colorado, with areas in western Colorado free from drought. She said the snowpack in the Arkansas River Basin is 87% of normal as of May 15 and the snowpack in the Colorado River Basin is 137% of normal as of May 15.

Ms. Abbasi said the statewide SNOTEL (SNOWpack TELEmetry) map shows that watersheds in western Colorado are at or above normal snow water equivalent, with lower-than-average SWE (Snow Water Equivalent) in eastern Colorado watersheds. She explained that May 1 yield forecast predicts 100% of average yield from Colorado Springs’ water collection systems this year. Ms. Abbasi said water demand in April averaged 49.3 million gallons per day, which was 6.7% less than last year. She reviewed monthly water use for April 2023 with a total water use of about 1.48 billion gallons.

Ms. Abbasi discussed Colorado Springs’ system wide storage, which is about 183,600 acre-feet, or 70.8% of capacity. She pointed out this is above the shorter-term (2001-2022) average of 67% for this time of year. She said Colorado Springs’ system wide storage was about 183,200 acre-feet, or 70.7% of capacity, on April 30, which is just below the longer-term (1991-2021) average of 72% for this time of year. Ms. Abbasi said this equates to about 2.6 years of demand in storage.

Mr. Travas Deal, Chief Executive Officer, expressed appreciation for Ms. Abbasi and wished her well during retirement. Chair Donelson and Board Member Avila also thanked Ms. Abbasi for her service to the organization.

6. Items Called Off Consent Calendar

There were none.

7. Water Service Extension Ordinance & Annexations

Ms. Abby Ortega, Resource Infrastructure Planning General Manager, said Ordinance No. 23-03 passed on Feb. 14, 2023 and codified as City Code section 12.4.305. He said it requires the Utilities Board to recommend and City Council to approval to the extend water service boundary. She said it does not apply to in-City development or areas already receiving City water service. Ms. Ortega said approval must be based on substantiated and written record demonstrating one of the following:

- B. 1. 128% of existing water usage* plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous

- OR -

2. A unique and extraordinary event or circumstance necessitates an extension of water services to serve critical interests of the City;
 - OR -
3. The area is an enclave, or the area is owned or leased by the City, or the extension will have a de minimis impact on the overall City's available water supply.

**Calculated using a five-year rolling average of unrestricted weather normalized usage data.*

Ms. Ortega reviewed Springs Utilities' application of ordinance language and overall annexation process.

Villages at Waterview North Annexation

Mr. Bryan English, Project Manager III, provided a property description and proposed development of the Villages at Waterview North Annexation. He reviewed the annexation petition status for the property and explained the annexation agreement. Mr. English reviewed the four-service (water, wastewater, natural gas and electric/fiber) perspective, capital cost for capacity, and application of water extension ordinance.

Customer comment:

Mr. Ray O'Sullivan expressed concerns about the cost recovery and the change of policy for this project.

Mr. English concluded with next steps, and the Utilities Board agreed to refer this to Planning Commission and City Council.

T5 Annexation

Mr. English provided a property description for the T5 Annexation. He provided an annexation petition status for the property and explained the annexation agreement. Mr. English reviewed the application of water extension ordinance. He concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

City Right-of-Way Annexations

Mr. English provided a property description for the City Right-of-Way Annexations, as well as their proposed developments and additions. He also reviewed the application of the water extension ordinance. Mr. English concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

Hope Chapel Additions No. 1 and 2 Annexations

Mr. English provided a property description for the Hope Chapel Additions No. 1 and 2 Annexations and an annexation petition status for the property. He also explained the annexation agreement and application of water extension ordinance. He concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

8. Fountain Valley Authority (FVA) Water Treatment Contract

Ms. Abby Ortega, Resource Infrastructure Planning General Manager, provided background information about the FVA which was established in 1979 to operate the Fountain Valley Conduit, the Water Treatment Plant and system. She said FVA partner entities include Colorado Springs, Fountain, Security, Stratmoor Hills, and Widefield. Ms. Ortega explained how the Fountain Valley conduit is owned by the Bureau of Reclamation and operated under a separate contract and the Water Treatment Plant is operated by the FVA under contract with the participating entities.

Ms. Ortega reviewed the terms of the contract between FVA members and the Authority:

- Term of contract is 40 years
- Will deliver water per terms in Conveyance Contract
- Details operation, metering, billing and insurance obligations
- Allows for delivery through Colorado Springs reverse flow if the Water Treatment Plant is down for maintenance with approval

Ms. Ortega concluded with next steps, and the Utilities Board agreed to put this item on Consent at the June 13, 2023 City Council meeting.

The Utilities Board took a break at 2:20 p.m. and returned at 2:32 p.m.

9. Clean Heat Plan

Mr. David Longrie, Engineering Manager, provided a Clean Heat Plan (CHP) overview and stated that the Colorado Senate Bill 21-264 was signed in June 2021. He said it requires gas utilities with more than 90,000 retail customers to develop, file, and receive approval of comprehensive clean heat plans designed to reduce greenhouse gas (GHG) emissions. Municipal gas distribution utilities shall submit their CHP to the Air Pollution Control Division (Division) no later than Aug. 1, 2023 for verification.

Mr. Longrie reviewed regulatory considerations and differences. He explained how Springs Utilities, as a municipal utility, must set rules for compliance within legislative provisions. Mr. Longrie said the CHP must include a robust public process, which will educate and bring awareness to customers of the requirements and the incentives available. He said stakeholders will be able to provide feedback that will be taken into consideration before submittal of the CHP. He also reviewed the CHP guidance document, which states:

- Springs Utilities will utilize clean heat resources to the maximum extent practicable and count greenhouse gas emission reductions resulting from the use of those resources.
- Springs Utilities shall calculate a baseline level of emissions for calendar year 2015.

- Springs Utilities shall exclude emissions from its power plants served by Springs Utilities' gas distribution system as those emissions are accounted for under Springs Utilities' Clean Energy Plan.
- Springs Utilities will use 2015 actual revenue adjusted for the gas cost adjustment (GCA) balance – an annual cost impact of \$2.5 - \$4 million.

Mr. Longrie said Springs Utilities' CHP application shall:

- Present a plan to implement clean heat resources throughout the clean heat plan action period.
- Demonstrate that the clean heat plan will result in greenhouse gas emissions reductions necessary to meet the applicable clean heat targets or show compliance with the cost cap.
- Demonstrate that the activities contemplated in the clean heat plan facilitates Springs Utilities' ability to meet future greenhouse gas emission reduction targets.
- No later than Aug. 1, 2023, the largest municipal gas distribution utility in Colorado, as determined by the volume of gas sold in Colorado, shall file its first application for approval of a CHP.

Mr. Longrie said Springs Utilities shall present the following portfolios of clean heat resources:

- At least one portfolio shall use the maximum amount of clean heat resources practicable and also comply with a 2.0/2.5% annual retail cost impact cap;
- This portfolio may or may not meet the clean heat target in the applicable plan period, but must demonstrate reductions in methane emissions;
- At least one portfolio shall meet the clean heat target regardless of the annual retail cost impact of such portfolio;
- Springs Utilities may present other alternative portfolios;
- Springs Utilities shall identify a preferred portfolio that best balances, given the information available, the goals of maintaining just and reasonable rates, maintaining system safety, reliability, and resiliency, protecting disproportionately impacted communities, and contribution to statewide progress on meeting the greenhouse gas emission reduction goals established in § 25-7-102(2)(g), C.R.S.

Mr. Longrie explained how Springs Utilities shall provide a prospective gas demand side management (DSM) plan demonstrating the organization's proposed expenditures by year for each DSM program. He concluded with next steps for the CHP.

10. Economic Development Subcommittee Dissolution

Ms. Natalie Watts, Strategic Planning and Governance Manager, said according to the Utilities Board Bylaws:

- *The Utilities Board may establish subcommittees on an ad hoc basis by a vote of the Utilities Board. Subcommittees are authorized to provide information and recommendations to the Utilities Board but do not have approval authority over operations or activities.*

Ms. Watts said in 2018, the Economic Development Subcommittee (EDSC) was established by the Utilities Board to review performance and compliance with Utilities Board policies and guidelines. She said the subcommittee is comprised of Utilities Board Members and external economic development stakeholders and makes recommendations to the Finance and Strategic Planning Committees.

Ms. Watts reviewed staff's recommendation which is to dissolve the EDSC for the following reasons:

- There is an overlap between Utilities Board membership and materials reviewed on the Strategic Planning, Finance committees and EDSC — creating redundancy.
- Outside of the annual compliance reports, there has not been a significant amount of materials for this subcommittee to review and make recommendations on to justify an entire subcommittee, staff time and resources and additional work plan.

Vice Chair O'Malley moved approval of the recommendation and Board Member Henjum seconded the motion. The recommendation to dissolve EDSC was unanimously approved.

11. Board Member Updates

Board Member Helms shared efforts he uses at home to reduce water usage.

Board Member Leinweber said he is in the process of making his home operate fully on solar.

Board Member Henjum and Mr. Deal provided an update about the regional water task force.

Board Member Avila provided updates from Springs Utilities' Delta potluck event and the May Personnel Committee meeting regarding diversity hires at Springs Utilities.

Board Member Talarico expressed appreciation from attending the Program Management Review (PMR) fiber tour.

Chair Donelson and Mr. Deal recognized Mr. Doug Lyons, Vegetation Management Program Manager, for receiving an award on Arbor Day. Chair Donelson provided an update from the energy public meeting that took place on May 8, and he also shared how beneficial the PMR fiber tour was for the Utilities Board.

12. Summary of Board Actions

There were none.

13. Adjournment

The meeting adjourned at 2:56 p.m.

AWAITING VERIFICATION

Board Memo Agenda Item

Staff Report

Date: June 21, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Fort Carson Intergovernmental Support (IGSA) Recognition

NARRATIVE:

Desired Action: Information

Executive Summary: Colorado Springs Utilities and Fort Carson executed an Intergovernmental Support Agreement (IGSA) on March 16, 2022, to provide electric and gas system services, which commenced on Dec. 30, 2022. The term of the agreement is for one year and is renewable for successive one-year periods for up to nine additional years.

Spring Utilities is enhancing services and reducing costs for Fort Carson by operating, maintaining, and repairing Fort Carson's electric, gas, and water cathodic protection systems according to industry best practices. Fort Carson and Colorado Springs Utilities have developed a true partnership to enhance mission assurance and energy resiliency within a critical local defense community.

Benefits: Colorado Springs Utilities is providing a first of its kind IGSA in scope and scale to the United States Army.

Board Policy: N/A

Cost/Budget: Time and materials agreement (no impact to other customers)

Affected Parties: Fort Carson populous and Utilities employees.

Alternatives: N/A

Submitter: Jennifer Alecci

Email address: jalecci@csu.org

Division/ Department: Operations/Utility Construction and Maintenance

Phone number: 719-491-7731

Date submitted: June 2, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 4

Board Memo Agenda Item

Staff Report

Date: June 21, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: 2022 Balanced Enterprise Scorecard Audit Results

NARRATIVE:

Desired Action: Information

Executive Summary: The City Auditor performed an audit of Colorado Springs Utilities' 2022 Balanced Enterprise Scorecard from January-April 2023. The purpose of the audit was to validate data and support for the scorecard reported results. The scorecard is a strategic planning and management tool used to measure and monitor the organization's performance in achieving enterprise strategic objectives. Additionally, the scorecard is one component of the Chief Executive Officer's performance plan.

The Auditor's Office had one recommendation and one opportunity for improvement. The recommendation was that management should revise measurement criteria to track Sustainable Energy Plan (SEP) capital projects that better reflects project performance against budget and schedule. The opportunity for improvement was that management should consider review of the Scorecard measures to ensure focus on key measures and minimize changes from year to year.

Colorado Springs Utilities staff agreed with both the recommendation and the opportunity for improvement.

Benefits: Ensures compliance with Colorado Springs Utilities' Bylaws and Governance Manual and identifies areas for improvement moving forward.

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: Colorado Springs Utilities employees, customers and Board Members

Alternatives: N/A

Submitter: Natalie Watts

Email address: nwatts@csu.org

Division/ Administrative and Human Resources

Phone number: 719-668-3827

Department: Division/Strategic Planning & Governance

Date submitted: June 9, 2023

SPG Staff Use Only: Consent Calendar

Yes

X

No

ITEM NO. 6



Colorado Springs Utilities
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2022 Balanced Scorecard Audit

Natalie Watts

Manager, Strategic Planning and Governance

Timeline

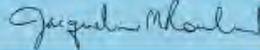
- **January 2023:** Colorado Springs Utilities staff began meeting with the Auditor's Office on the 2022 Balanced Scorecard audit
- **April 2023:** Audit was finalized and approved
- **May 2023:** Findings from the audit were presented at the May 18 Audit Committee meeting
- **June 2023:** Report goes to the Utilities Board for discussion



OFFICE OF THE CITY AUDITOR

COLORADO SPRINGS, COLORADO

Jacqueline M. Rowland
City Auditor, CPA CFE PMP



23-12 Colorado Springs Utilities Enterprise Balanced Scorecard

May 2023

<p>Purpose The purpose of this audit was to validate data and support for the Colorado Springs Utilities 2022 Enterprise Balanced Scorecard (Scorecard) reported results. The Scorecard was a strategic planning and management tool to measure and monitor the organization's performance in achieving enterprise strategic objectives. Additionally, the Scorecard was one component of the Chief Executive Officer (CEO) performance plan.</p>	<p>Recommendations 1. Utilities management should revise measurement criteria to track Sustainable Energy Plan (SEP) capital projects that better reflects project performance against budget and schedule.</p>
<p>Highlights We conclude that the 2022 Scorecard results were accurately reported in accordance with Scorecard definitions. Metrics reported to Utilities Board for 2022 were properly supported by valid data and the overall score was in the meets expectations category. We identified one observation and one opportunity to improve Scorecard measurement.</p> <p>Annually, Scorecard measures and targets were developed and approved by the Utilities Board. Financial stewardship targets were aligned with the Strategic Plan and Annual Operating and Financial Plan.</p> <p>Utilities utilized the Kaplan-Norton approach for Scorecard development in accordance with the Strategic Plan. Under Kaplan-Norton, the balanced Scorecard looks at strategic measures in addition to traditional financial measures to obtain a more balanced view of organizational performance. Kaplan-Norton incorporates measures that relate to customer/stakeholder, foundational (workforce and safety), and internal business processes (operations and infrastructure), as well as financial perspectives. See page 2 for more information.</p> <p>The CEO performance plan included results from the Scorecard, in addition to an assessment of strategic initiatives and five competencies (balances internal/external stakeholders, Utilities Board interaction, safety, leadership, and cultivates innovation and a strategic mindset).</p> <p>We would like to thank Colorado Springs Utilities staff for their support of this audit.</p>	<p>Opportunity for Improvement 1. Utilities management should consider review of the Scorecard measures to ensure focus on key measures and minimize changes from year to year.</p>
<p>Management Response Management was in agreement with our recommendations.</p>	

City Council's Office of the City Auditor
City Hall, 107 North Nevada Ave. Suite 205, Mail Code 1542, Colorado Springs CO 80901-1575
Tel 719-385-5991 Fax 719-385-5699 Reporting Hotline 719-385-2387
www.ColoradoSprings.gov/cityauditor

Purpose of the Audit

- Validate data and support for the Colorado Springs Utilities 2022 Enterprise Balanced Scorecard reported results.
- *This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.*



Highlights

- The Auditor's Office concluded that the 2022 Scorecard results were accurately reported in accordance with Scorecard definitions.
- Metrics reported to the Utilities Board for 2022 were properly supported by valid data and the overall score was in the meets expectations category.



Findings from the Audit

AWAITING VERIFICATION

Recommendation

- Springs Utilities management should revise measurement criteria to track Sustainable Energy Plan (SEP) capital projects that better reflects project performance against budget and schedule.



Opportunity for Improvement

- Colorado Springs Utilities management should consider review of the Scorecard measures to ensure focus on key measures and minimize changes from year to year.





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OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Jacqueline M. Rowland
City Auditor, CPA CFE PMP

23-12 Colorado Springs Utilities Enterprise Balanced Scorecard

May 2023

Purpose

The purpose of this audit was to validate data and support for the Colorado Springs Utilities 2022 Enterprise Balanced Scorecard (Scorecard) reported results. The Scorecard was a strategic planning and management tool to measure and monitor the organization's performance in achieving enterprise strategic objectives. Additionally, the Scorecard was one component of the Chief Executive Officer (CEO) performance plan.

Highlights

We conclude that the 2022 Scorecard results were accurately reported in accordance with Scorecard definitions. Metrics reported to Utilities Board for 2022 were properly supported by valid data and the overall score was in the meets expectations category. We identified one observation and one opportunity to improve Scorecard measurement.

Annually, Scorecard measures and targets were developed and approved by the Utilities Board. Financial stewardship targets were aligned with the Strategic Plan and Annual Operating and Financial Plan.

Utilities utilized the Kaplan-Norton approach for Scorecard development in accordance with the Strategic Plan. Under Kaplan-Norton, the balanced Scorecard looks at strategic measures in addition to traditional financial measures to obtain a more balanced view of organizational performance. Kaplan-Norton incorporates measures that relate to customer/stakeholder, foundational (workforce and safety), and internal business processes (operations and infrastructure), as well as financial perspectives. See page 2 for more information.

The CEO performance plan included results from the Scorecard, in addition to an assessment of strategic initiatives and five competencies (balances internal/external stakeholders, Utilities Board interaction, safety, leadership, and cultivates innovation and a strategic mindset).

We would like to thank Colorado Springs Utilities staff for their support of this audit.

Recommendations

1. Utilities management should revise measurement criteria to track Sustainable Energy Plan (SEP) capital projects that better reflects project performance against budget and schedule.

Opportunity for Improvement

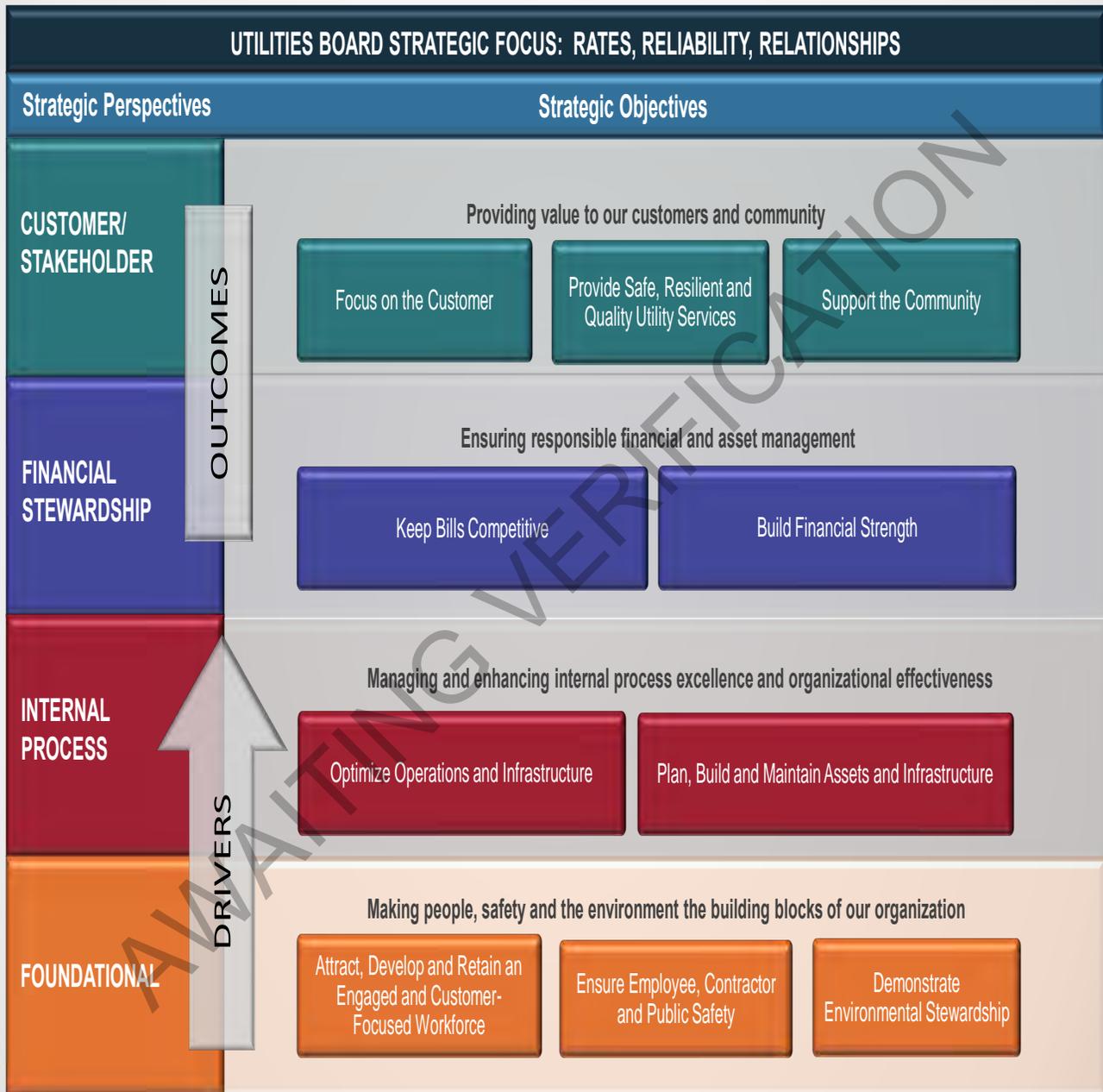
1. Utilities management should consider review of the Scorecard measures to ensure focus on key measures and minimize changes from year to year.

Management Response

Management was in agreement with our recommendations.

Colorado Springs Utilities Strategy Map

Effective January 1, 2022



Source: Colorado Springs Utilities Strategic Plan January 1, 2022

23-12 Colorado Springs Utilities Enterprise Balanced Scorecard

Observation 1

The 2022 Scorecard included a Cost Performance Index (CPI) measure for the Sustainable Energy Plan (SEP) portfolio multi-year capital projects. The intent of this measure was to indicate the efficiency of cost performance. The measure was not effective in representing cost performance against budget.

Increases to the project cost through change orders and amendments were added to the earned value. This resulted in an earned value exactly equal to actual cost. This method of calculating earned value would always result in a score of 1 (meets expectations).

It was not clear how the project budget used in the calculation was determined. The project budget was not tied to the Annual Operating and Financial Plan budget for 2022. It was not clear at what point the actual budget amount was baselined for the projects, and subsequently updated due to contract amendments as the design progressed.

Management Response

We agree with this recommendation. The calculation of the Cost Performance Index (CPI) methodology for this metric is in accordance with the Project Management Institute. Utilities acknowledges that the CPI index is not a representative metric to monitor the success of this project. Staff will re-examine and recommend alternative budget and schedule measures for the 2024 Enterprise Balance Scorecard development, as applicable, by January 31, 2024.

Recommendation

Utilities management should revise measurement criteria for SEP capital projects to ensure criteria:

- Reflects project performance against budget and schedule.
- Specifies at what point the actual budget is established and when it is appropriate to update the budget to track and report any variances.

AWAITING VERIFICATION

23-12 Colorado Springs Utilities Enterprise Balanced Scorecard

Opportunity 1

Changes to certain Scorecard categories for 2022 included adding measures, revising measurement criteria for existing metrics, and changing weighting of scores. The Scorecard included twenty-six measures in total for the 40% components of the CEO performance plan. The remaining 60% were for the CEO measures which were not scored in 2022 due to the CEO position being vacant.

Changes from the 2021 to the 2022 Scorecard included increased weighting of reliability measures while decreasing weighting of rates and financial strength measures. Measurement criteria for residential and business customer satisfaction, and the workforce index were revised. Three financial strength measures were added. Rates comparison metrics were revised to increase the number of residential measures and decrease the number of commercial measures. Changes were made to some of the measures that did not meet or partially met 2021 expectations.

Limiting Scorecard changes facilitates consistent assessment of performance and clear understanding of progress towards strategic goals over time.

Auditors identified literature authored by Kaplan-Norton which encouraged focus on a few measures through the balanced scorecard that are most critical to the business. Under Utilities governance guidance, Utilities Board was responsible for approval of the annual Scorecard measures.

Management Response

We agree with this recommendation. Due to executive leadership and Utilities Board member changes, Utilities management anticipates updates to the 2024 scorecard. Utilities is reviewing the past five years of scorecard performance measures and targets with the goal of identifying those metrics most relevant to the Board strategic focus areas and enterprise strategic objectives. As part of this review, we will consider the recommendation to reduce the number of measures to focus on those best reflecting enterprise performance and that can be sustained over multiple years to allow for better year-to-year comparison. The 2024 enterprise balanced scorecard will be presented to the Utilities Board for approval at the December meeting.

Recommendation

Utilities management should consider:

- Review of Scorecard measures to ensure focus on a limited number of key performance and strategy measures.
- Practices that minimize Scorecard changes from year to year.



Date: June 21, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report**
Utilities Board/Chief Executive Officer Partnership Expectations (E-2)

Desired Action: Monitoring

EXPECTATIONS	
Category:	Utilities Board/Chief Executive Officer Partnership Expectations
Policy Number:	E: 2 (Chief Executive Officer Responsibilities)

June 2023 Water Outlook using data as of May 31, 2023

Locally, temperatures were above average, and precipitation was above average in May. Demands were less than last year at this time.

2023 Demands: May use averaged 65.2 million gallons per day (MGD), which was about 20.0% less than last May. Year to date demand is averaging 48.8 MGD, which is 5.2% less than last year at this time. Temperatures in May were above the thirty-year average at 58.4 degrees Fahrenheit, which was 1.3 degrees above normal. Year to date temperatures have averaged 41.7 degrees Fahrenheit, which is 0.5 degrees below normal. Total precipitation for May was 5.22 inches, which is above normal. Year to date precipitation is 7.63 inches, which is 158% of normal.

Current Reservoir Levels: Local storage is currently at about 55,324 acre-feet (84% of capacity). The 1991-2020 average is 81% of capacity. Rampart Reservoir is at 95% of capacity, and Pikes Peak storage is at 66% of capacity. System wide, total storage is about 204,000 acre-feet (79% of capacity). Last year at this time, total system wide storage was 76% of capacity. It was about 75% at this same time in 2021, about 81% of capacity in 2020, about 73% of capacity in 2019, about 85% of capacity in 2018, about 83% of capacity in 2017, about 81% of capacity in 2016, about 84% of capacity in 2015, and about 66% of capacity in 2014. The 1991-2021 average system wide storage for the end of May is 76% of capacity.

Water Supply Outlook: Our May yield forecast predicts 100% of average yield from Colorado

Springs' water collection systems this year. Snowpack is above average in most of Colorado, except for the South Platte and Laramie/North Platte River basins. The three-month climate outlook predicts high chances for above-average temperatures across all of Colorado and equal chances of below-average and above-average precipitation across most of Colorado, with the southwest part of the state showing slightly below average chances of normal precipitation. We continue to monitor snowpack, demand and storage to maximize available water supply.

Operational Notes: Total system storage is at 78% of capacity and holds about 2.9 years of demand, which is above average for the end of May. Local storage contains about 283 days of demand.

AWAITING VERIFICATION



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Water Outlook

Katie Garrett, EIT

Water Resources Engineer, Water Conveyance

June 1, 2023

Local Weather Conditions as of May 31, 2023

Precipitation (Inches of Moisture)

- May 2023 – 5.22 in. (262% of normal)
- 2023 YTD Total – 7.63 in. (158% of normal)

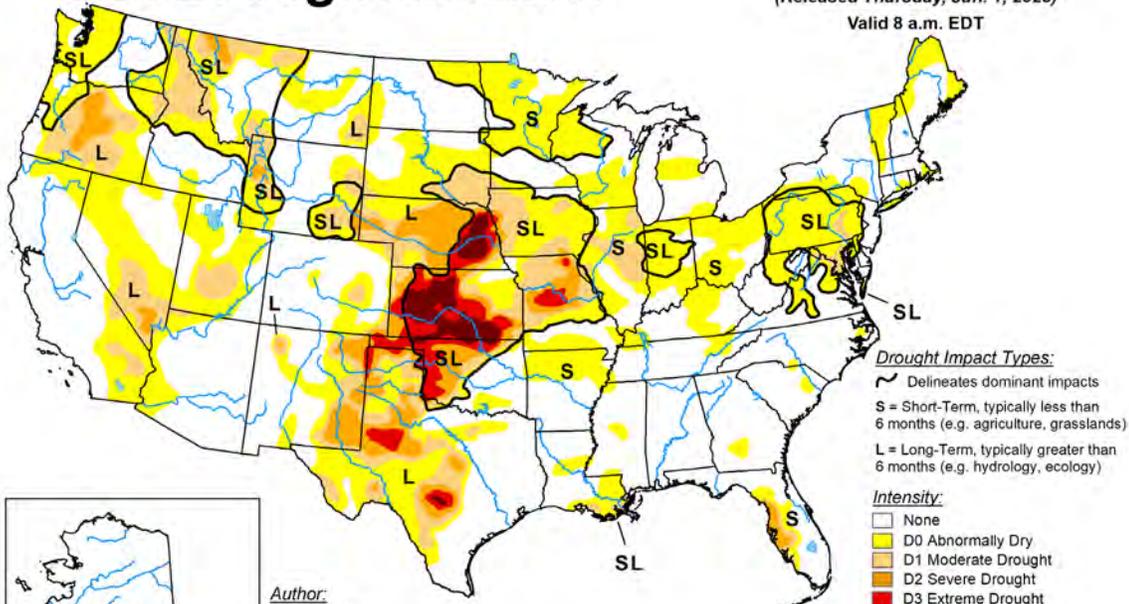
Average Temperature (Degrees F)

- May 2023 – 58.4 Deg. (1.3 deg. above normal)
- 2023 YTD Average – 41.7 Deg. (0.5 deg. below normal)



U.S. Drought Monitor

May 30, 2023
 (Released Thursday, Jun. 1, 2023)
 Valid 8 a.m. EDT



Drought Impact Types:

- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

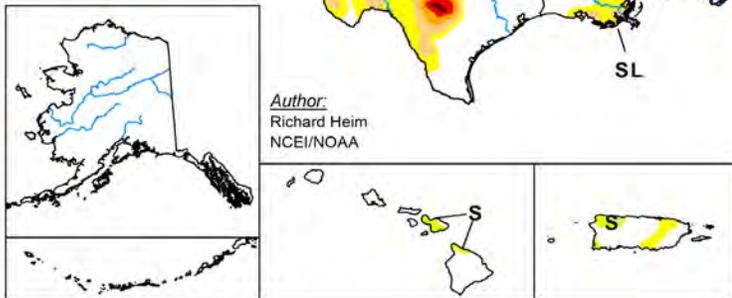
Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

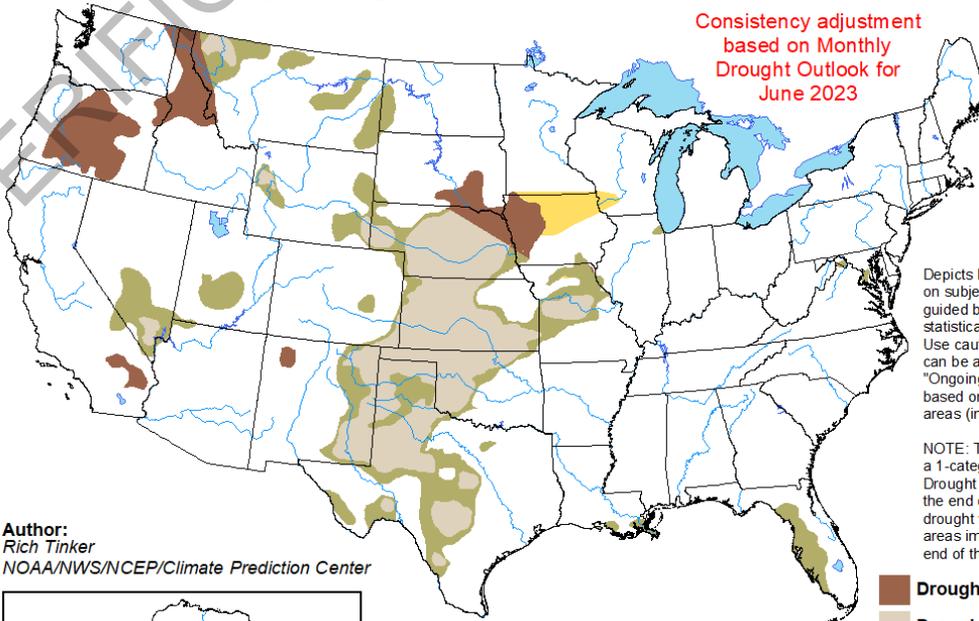


Author:
 Richard Heim
 NCEI/NOAA



U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for June 1 - August 31, 2023
 Released May 31, 2023



Consistency adjustment
 based on Monthly
 Drought Outlook for
 June 2023

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

- Drought persists
- Drought remains but improves
- Drought removal likely
- Drought development likely



Author:
 Rich Tinker
 NOAA/NWS/NCEP/Climate Prediction Center

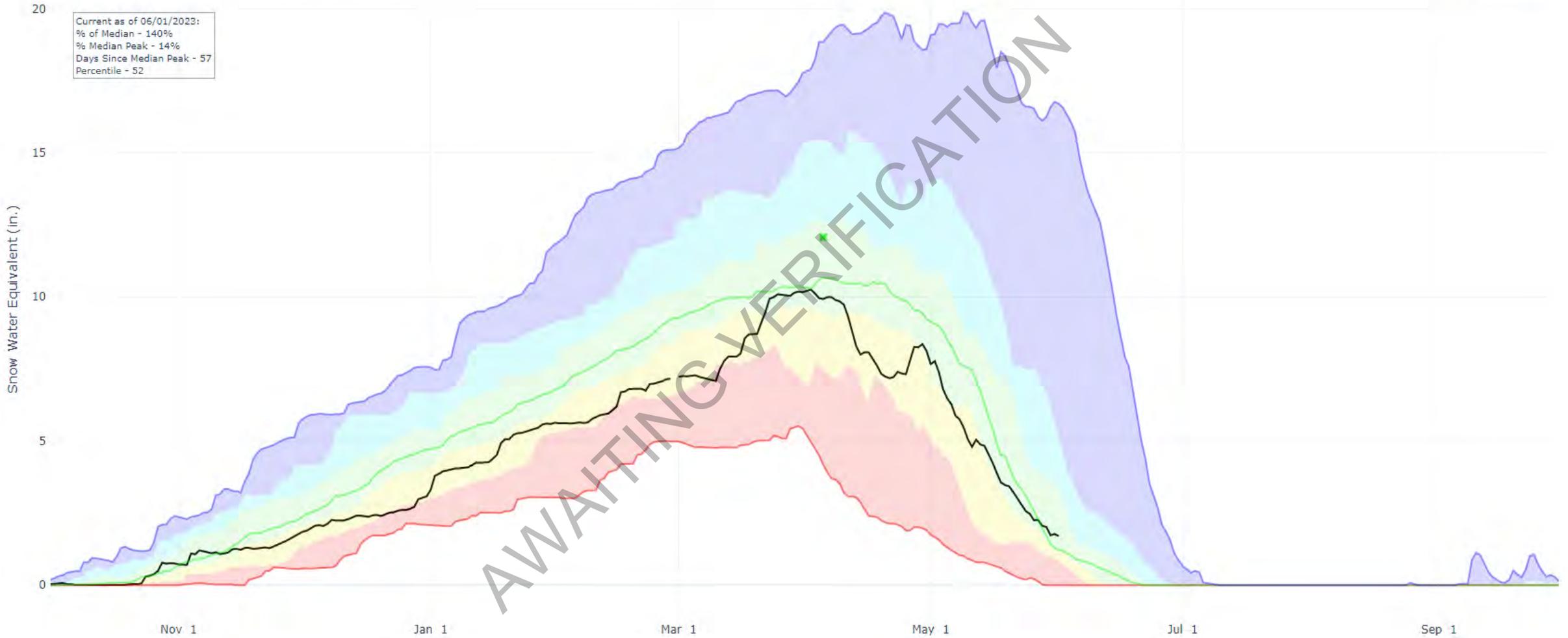


SNOW WATER EQUIVALENT IN ARKANSAS

Reset Range

Current as of 06/01/2023:
% of Median - 140%
% Median Peak - 14%
Days Since Median Peak - 57
Percentile - 52

Snowpack in the Arkansas River Basin is 140% of normal

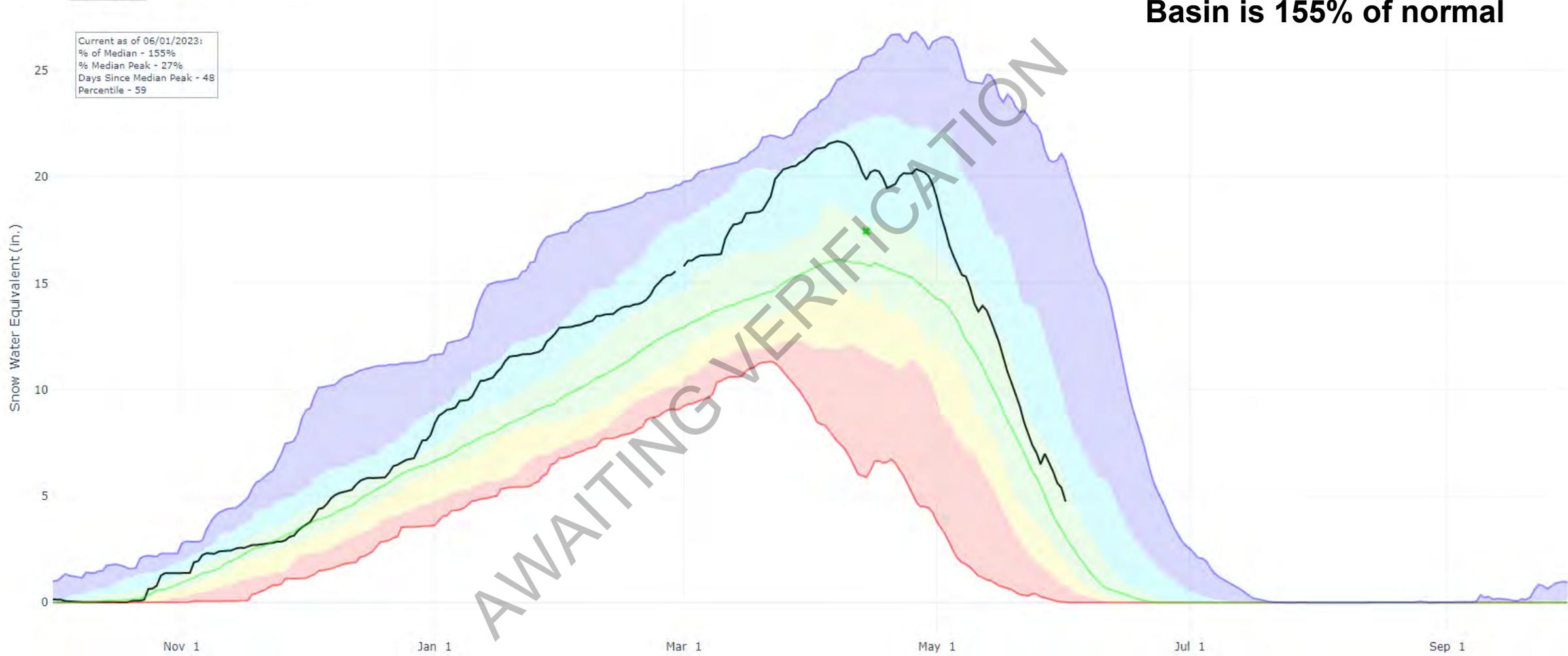


SNOW WATER EQUIVALENT IN COLORADO HEADWATERS

Reset Range

Current as of 06/01/2023:
% of Median - 155%
% Median Peak - 27%
Days Since Median Peak - 48
Percentile - 59

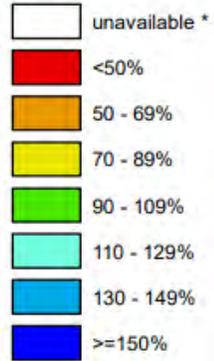
Snowpack in the Colorado River Basin is 155% of normal



Colorado SNOTEL Current Snow Water Equivalent (SWE) % of Normal

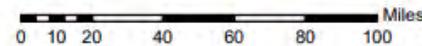
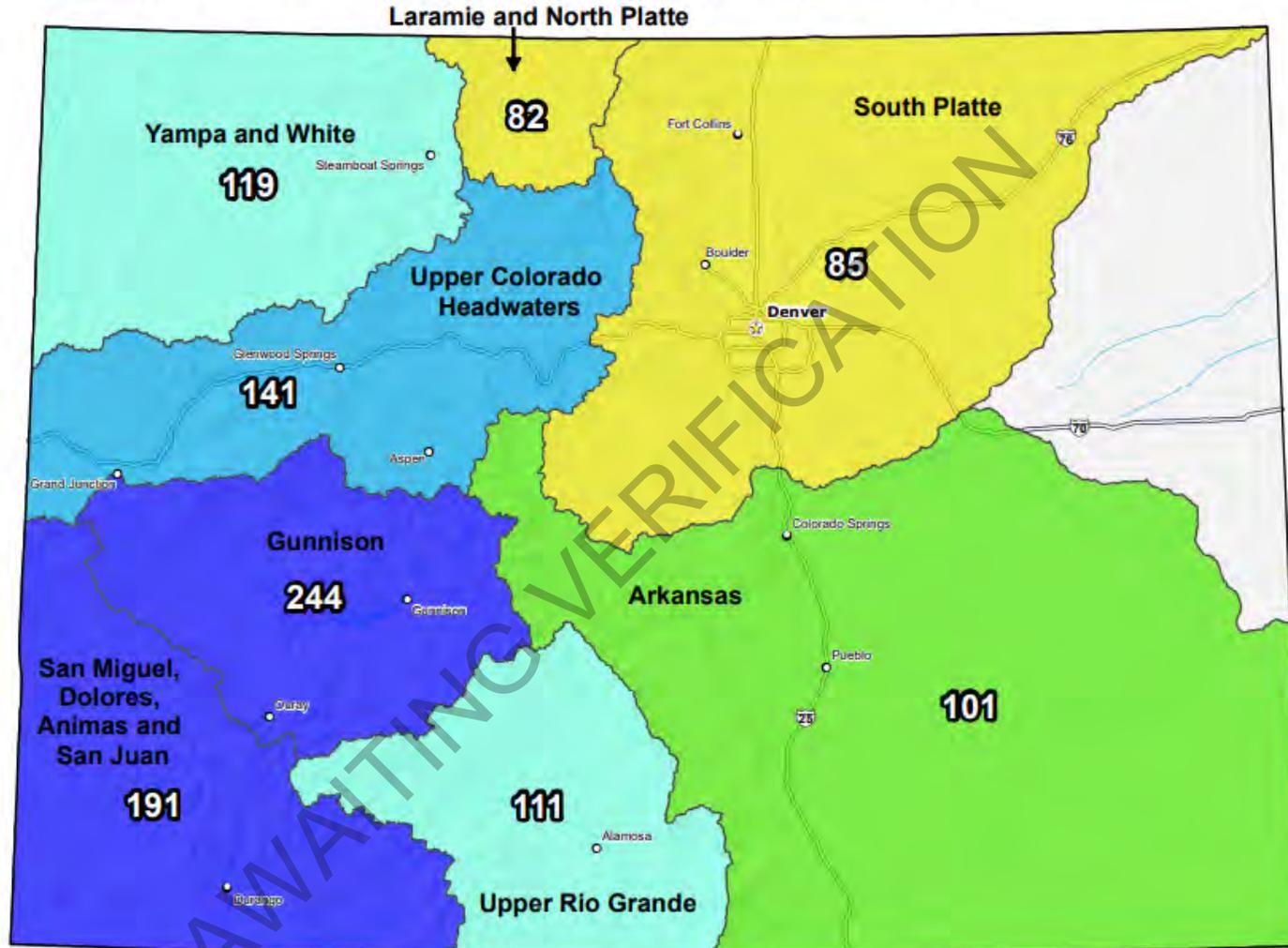
Jun 01, 2023

Current Snow Water Equivalent (SWE) Basin-wide Percent of 1991-2020 Median



* Data unavailable at time of posting or measurement is not representative at this time of year

Provisional Data
Subject to Revision

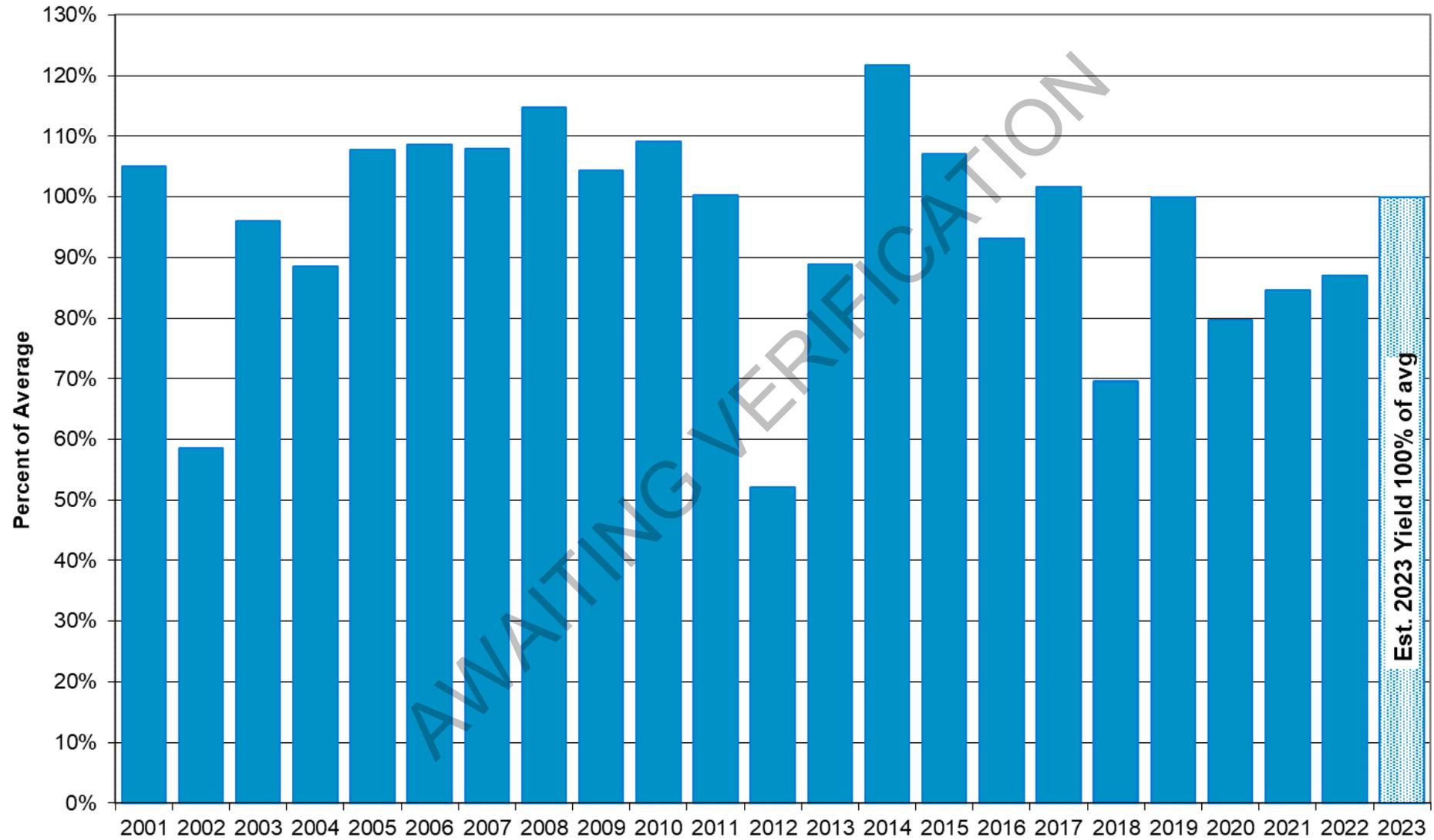


The snow water equivalent percent of normal represents the current snow water equivalent found at selected SNOTEL sites in or near the basin compared to the average value for those sites on this day. Data based on the first reading of the day (typically 00:00).

Prepared by:
USDA/NRCS National Water and Climate Center
Portland, Oregon
<https://www.nrcs.usda.gov/wps/portal/wcc/home/>

Colorado Springs Water Yields 2001 - 2023

Percent of Average Yield



2023 Demands

May

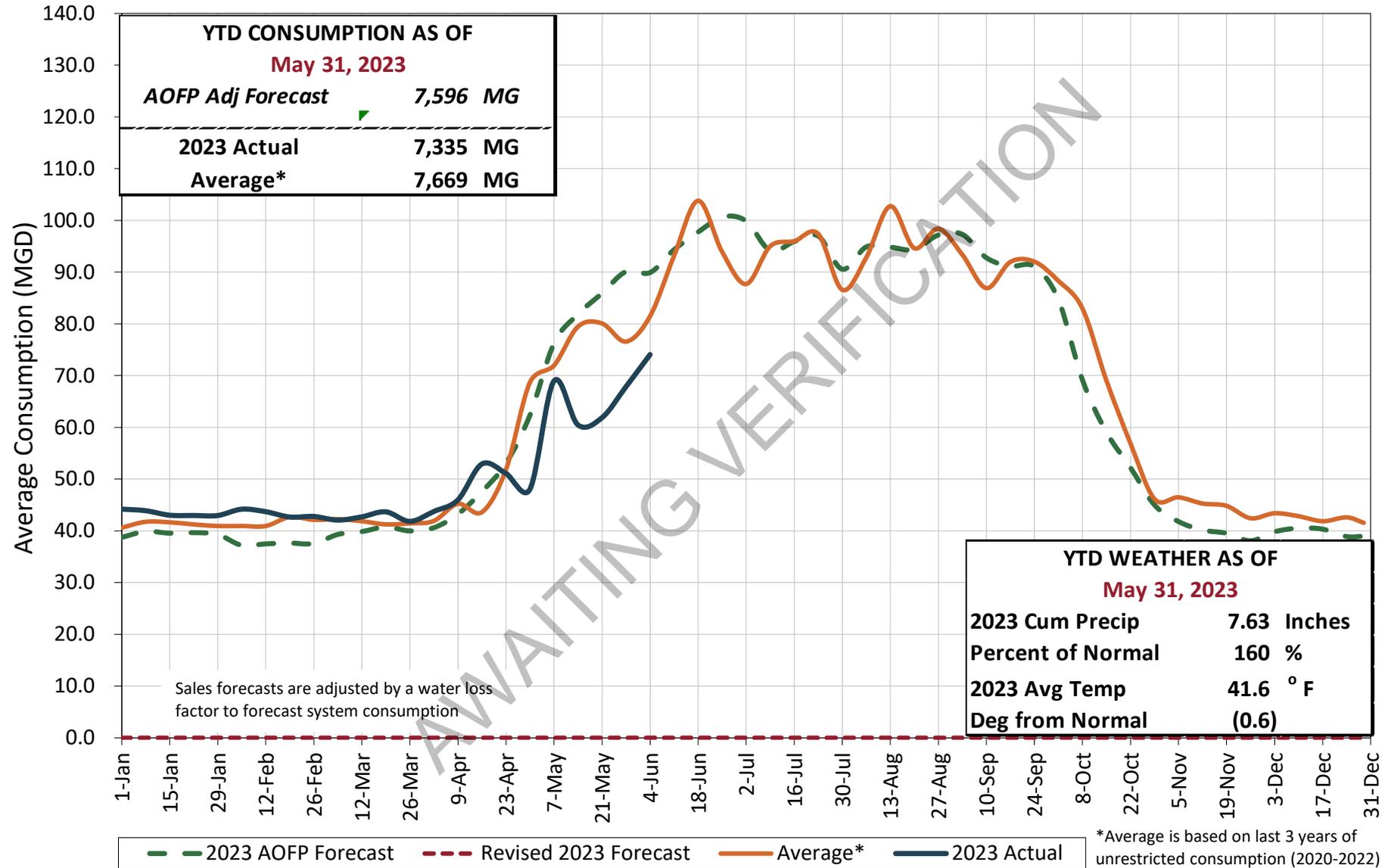
- Averaged 65.2 MGD
- 20.0% less than May 2022

2023 Year to Date

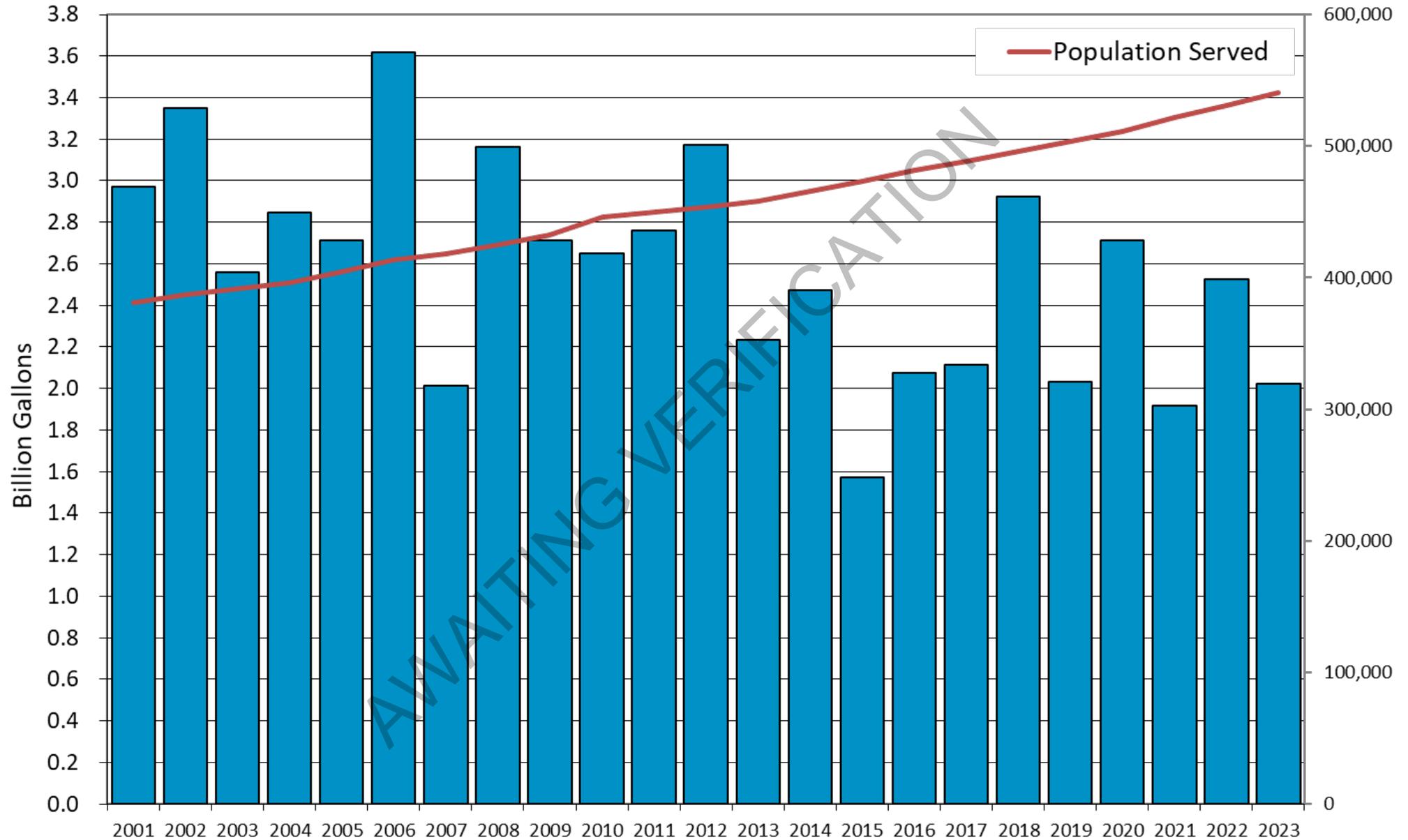
- Averaging 48.8 MGD, 7.4 BG total
 - 5.2% less than 2022
 - 0.41 Billion Gallons less than 2022



2023 Actual Consumption (Weekly Data)



Monthly Water Use for May



Reservoir Levels

May 31, 2023

- Pikes Peak 66 %
 - 91-20 Avg. 71 %
- Rampart 95 %
 - 91-20 Avg. 88 %
- Local Total 84 %
 - 91-20 Avg. 81 %
- System Total 79 %
 - 91-20 Avg. 76 %

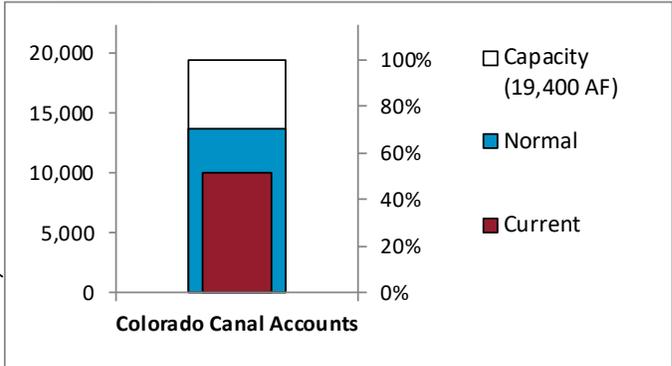
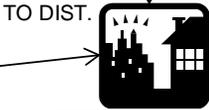
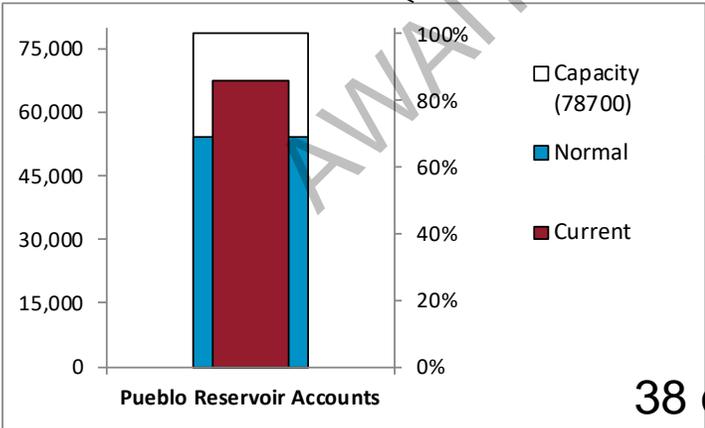
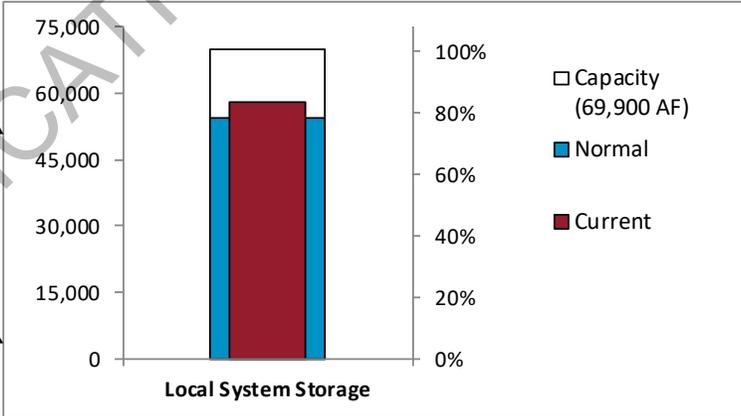
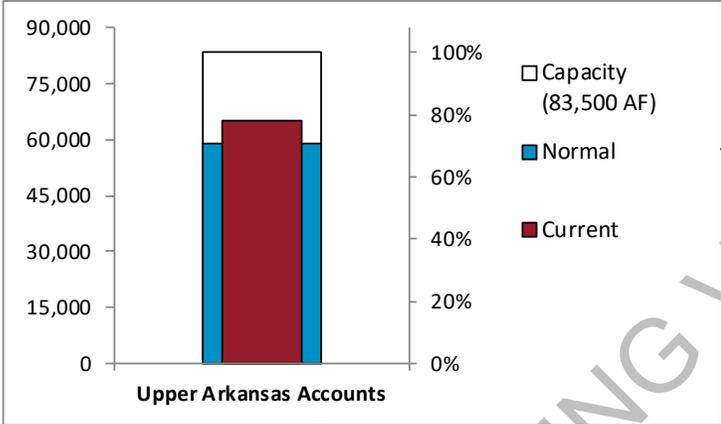
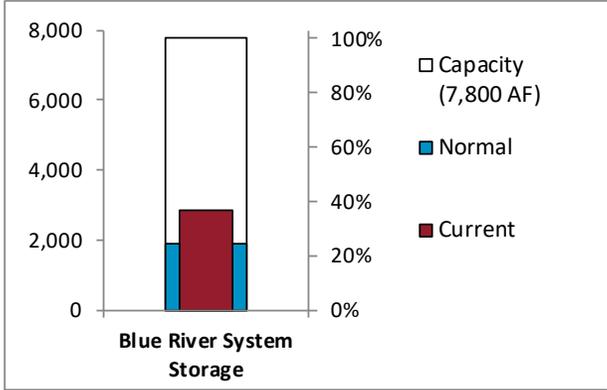


Colorado Springs' System Wide Storage:

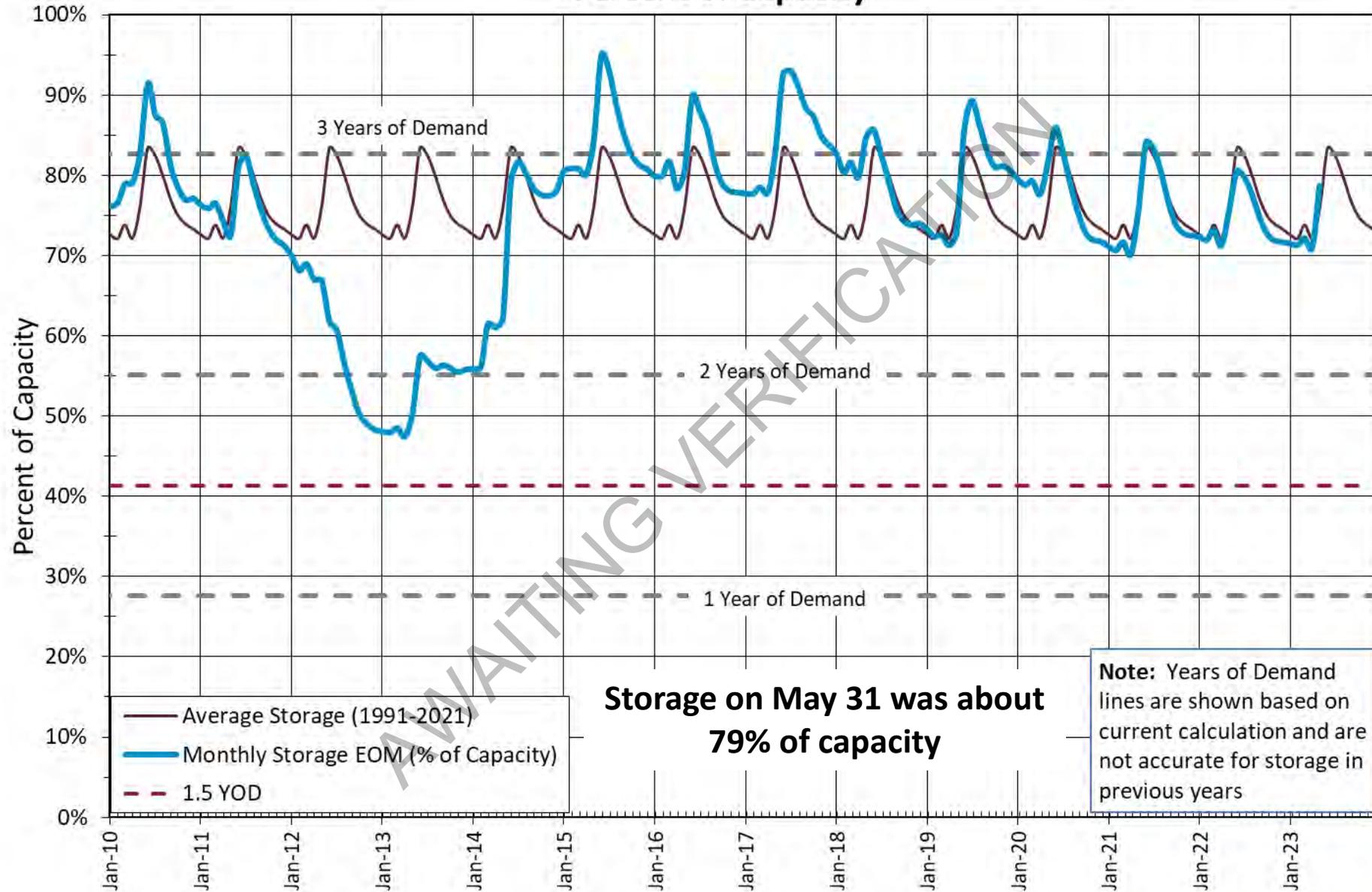
May 31, 2023 : 204,000 af
78.7 %

2001-2022 avg : 183,300 af
70.7 %

Average YTD Demand : 48.8 MGD



Monthly Storage Percent of Capacity



Water Outlook

- Situation Outlook Summary
 - System-wide storage is at 79% of capacity, about 3% above our long-term average
 - About 2.9 years of demand in storage, based on the past 3 years of demand
 - Have 283 days of demand in local storage
- Three-month outlook predicts
 - High chances for above-average temperatures across all of Colorado
 - Equal chances of below-average and above-average precipitation across most of Colorado, with the southwest part of the state showing slightly below average chances of normal precipitation
- We continue to monitor snowpack, demand and storage to maximize available water supply



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AWAITING VERIFICATION

Board Memo Agenda Item

Staff Report

Date: June 21, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Amara Annexation and Application of Water Extension Ordinance

NARRATIVE:

Desired Action: Discussion

Executive Summary:

- The City of Colorado Springs accepted 12 annexation petitions for the proposed Amara annexation and development.
- Property owner has requested their presentation at June's Utilities Board meeting and have submitted revised annexation plans
- Extending water service into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council (City Code 12.4.305.A.).
- If approved by City Council, annexations would result in the extension of Springs Utilities' water service boundary.
- There has been no previous Utilities Board action on these petitions.

Benefits: Approval of annexations would support economic development and affordable housing in the City and generate utility revenue for Springs Utilities.

Board Policy: N/A

Cost/Budget: If boundary extended would result in approximately \$111,000,000 - \$167,000,000 to Colorado Springs Utilities

Affected Parties: Annexation property owners and developers, City of Colorado Springs Public Works, El Paso County, citizens of the City and El Paso County, and rate payers.

Alternatives: Recommend approval or denial of extension of water service boundary.

Submitter: Bryan English	Email address: benglish@csu.org
Division/ Department: Systems Planning and Projects, Customer Utilities Connections	Phone number: 719-668-8119
	Date submitted: June 15, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	ITEM NO. 8
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Colorado Springs Utilities
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Amara Annexation Application of Water Extension Ordinance

June 21, 2023, Utilities Board Meeting

Bryan English, PMP, Development Projects Manager
Customer Utilities Connections

Agenda

1. Water Service Extension Ordinance
2. Amara Overview
3. Annexation Petition Status
4. Application of Water Extension Ordinance
5. Four Service Overview
6. Board Action
7. Questions

Water Service Extension Ordinance

- Ordinance No. 23-02 passed February 14, 2023
 - Codified as City Code section 12.4.305
- Requires Utilities Board to recommend and City Council approval to extend water service boundary
- Does not apply to in-City development or areas already receiving City water service
- Approval must be based on substantiated and written record demonstrating one of the following:

Criteria for Extension per Ordinance

- B. 1. 128% of existing water usage* plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous
- OR -
2. A unique and extraordinary event or circumstance necessitates an extension of water services to serve critical interests of the City; or
- OR -
3. The area is an enclave, or
- The area is owned or leased by the City, or
- The extension will have a de minimis impact on the overall City's available water supply.

**Calculated using a five (5) year rolling average of unrestricted weather normalized usage data*

Utilities Application of Ordinance Language

B. 1. The City’s available water supply is sufficient to meet at least 128% of existing usage (calculated using a five (5) year rolling average of weather normalized unrestricted usage data) and the projected demand for water services within the proposed extension(s) of service...

May 2023 recommended annexations with demand totaling 149 AFY.
AWS is 3,864 AFY – 149 AF = 3,715 AFY

Current Reliably Met Demand (RMD) and Existing Usage		
Category	Acre-feet/year (AFY)	When updated
Reliably Met Demand	95,000	As needed per RMD Update Policy
Existing Usage *	71,200	Yearly as part of IWRP Update

*5-year rolling average of weather normalized unrestricted water usage (2018 – 2022)

Minimum Water Supply Requirement (MWSR)		
Existing Usage/year	Percentage	MWSR
71,200 AFY	x 128%	= 91,136 AFY

Available Water Surplus (AWS)		
RMD (AFY)	MWSR (AFY)	AWS (AFY)
95,000	- 91,136	= 3,864

If contiguity is met and projected demand is less than AWS the proposed annexation meets ordinance conditions.

Amara Overview

Owner: La Plata Cruz Holdings, LLC

Owner-initiated, serial-flagpole annexation of 3,173-acre property, plus a portion of Bradley Rd

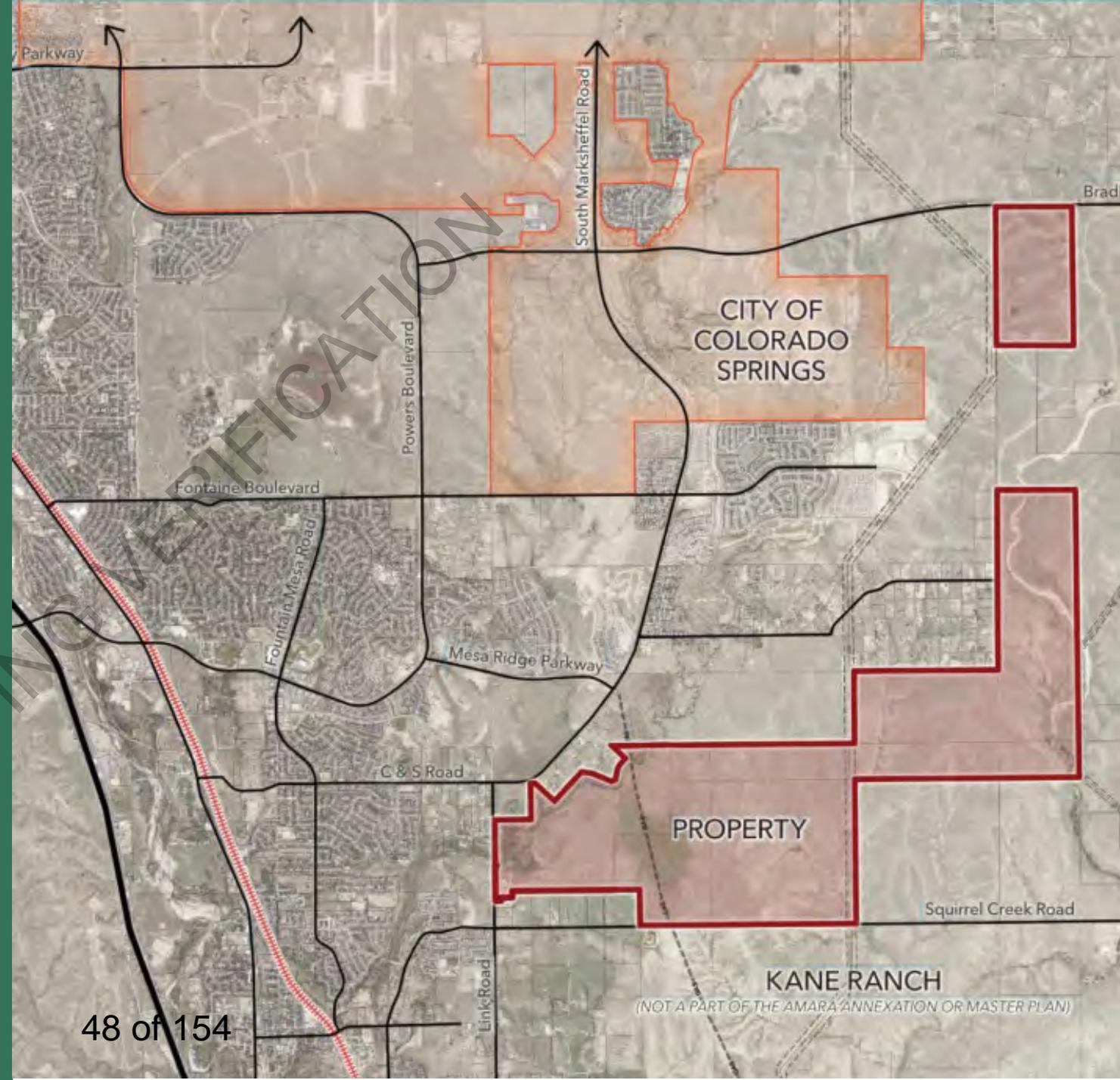
Total proposed annexation area is approximately 3,200 acres

Property located south and east of Colorado Springs

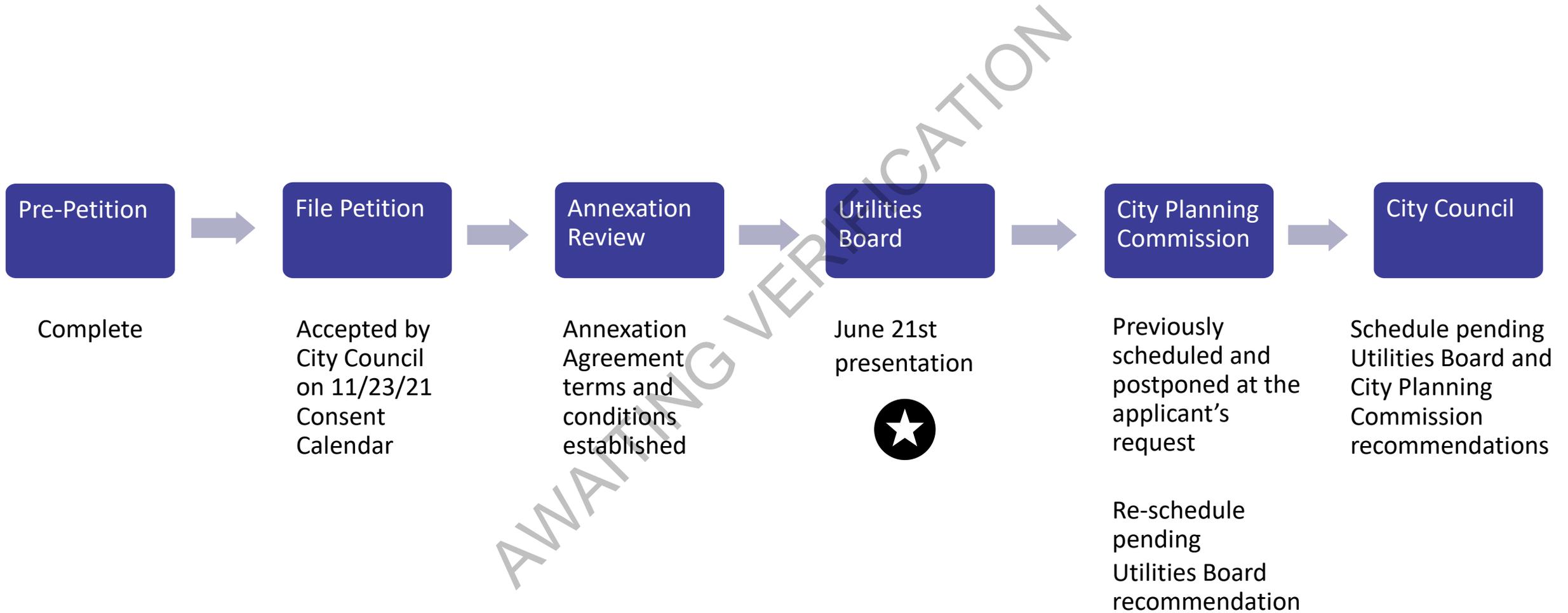
Contiguity achieved through Bradley Rd as “flagpole”

Applicant proposes land uses including residential, commercial, mixed use, and others

Property presently located outside Springs Utilities natural gas and electric service territories



Annexation Petition Status



Application of Water Extension Ordinance

- Annexation and extension of City limits would simultaneously extend Springs Utilities' water service boundary
- Estimated water supply for property and development
 - ~3,505 acre-feet/year
- Per City Code 12.4.305.B.1
 - 128% of existing water usage plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous

Application of Water Extension Ordinance

Contiguity:

Perimeter has a minimum of 25% of area contiguous with City limits

25% Contiguity Analysis				
Annexation Plat	Acreage	Perimeter (feet)	Contiguity w/ City limits (feet)	Contiguity w/ City limits (%)
Amara Addition No. 1	1.2	1,296.1	216.0	16.7%
Amara Addition No. 2	4.2	3,509.5	585.0	16.7%
Amara Addition No. 3	8.6	7,190.8	1,198.5	16.7%
Amara Addition No. 4	24.4	14,464.2	2,410.7	16.7%
Amara Addition No. 5	124.8	11,505.0	1,918.5	16.7%
Amara Addition No. 6	218.0	12,377.5	2,804.7	22.7%
Amara Addition No. 7A	95.6	8,642.0	1,455.2	16.8%
Amara Addition No. 7B	254.1	13,442.7	2,240.4	16.7%
Amara Addition No. 8	400.3	17,412.0	2,903.7	16.7%
Amara Addition No. 9	515.8	22,791.2	3,967.1	17.4%
Amara Addition No. 10	719.7	23,740.4	3,964.4	16.7%
Amara Addition No. 11	858.6	30,800.6	6,585.1	21.4%

Addition Nos. 1-4

Not applicable (meet de minimis policy)

Each Addition Nos. 5-11

16.7% – 22.7% < 25%

**2022 Annexation Plats Submittal
does not meet the 25% contiguity criteria**

AMARA ANNEXATION EXHIBIT

BEING A PORTION OF SECTIONS 11, 12, 26, 28, 29, 34 & 35, TOWNSHIP 15 SOUTH, RANGE 85 WEST OF THE SIXTH PRINCIPAL MERIDIAN AND SECTIONS 6, 7, 18, 19 & 30, TOWNSHIP 15 SOUTH, RANGE 84 WEST OF THE SIXTH PRINCIPAL MERIDIAN ALL IN EL PASO COUNTY, COLORADO

June 6, 2023 Proposed Submittal to meet 25% Contiguity with changing annexation plats



SECTION	TOTAL AREA (ACRES)	1/4 CONTIGUOUS (ACRES)	1/2 CONTIGUOUS (ACRES)
1	1023.75	362.81	660.94
2	2879.22	745.81	2133.41
3	2207.48	772.96	1434.52
4	832.84	228.18	604.66
5	4328.42	1023.12	3305.30
6	4212.01	1081.82	3130.19
7	4184.25	1041.82	3142.43
8	4184.25	1041.82	3142.43
9	4184.25	1041.82	3142.43
10	4184.25	1041.82	3142.43
11	4184.25	1041.82	3142.43
12	4184.25	1041.82	3142.43
13	4184.25	1041.82	3142.43
14	4184.25	1041.82	3142.43
15	4184.25	1041.82	3142.43
16	4184.25	1041.82	3142.43
17	4184.25	1041.82	3142.43
18	4184.25	1041.82	3142.43
19	4184.25	1041.82	3142.43
20	4184.25	1041.82	3142.43
21	4184.25	1041.82	3142.43
22	4184.25	1041.82	3142.43
23	4184.25	1041.82	3142.43
24	4184.25	1041.82	3142.43
25	4184.25	1041.82	3142.43



JOB NO. 2550.03
MAY 18, 2023
SHEET 1 OF 1



Application of Water Extension Ordinance

Current Reliably Met Demand (RMD) and Existing Usage		
Category	Acre-feet/year (AFY)	When updated
Reliably Met Demand	95,000	As needed per RMD Update Policy
Existing Usage *	71,200	Yearly as part of IWRP Update

*5-year rolling average of weather normalized unrestricted water usage (2018 – 2022)

Available Water Surplus (AWS)		
RMD (AF/year)	MWSR (AF/year)	AWS (AF/year)
95,000	- 91,136	= 3,864

De Minimis Policy

1% of AWS (3,864 AFY x 1% = 39 AFY)

Water Supply:

(Existing Usage x 128%) + Proposed Demand = < Reliably Met Demand

128 % Water Supply Analysis				
Annexation Plat	Acreage	(A) Projected Water Demand (AFY)	(B) Existing Usage (AFY)	A+ (Bx128%)
Amara Addition No. 1	1.2	1.3	71,200	91,137
Amara Addition No. 2	4.2	4.6	71,200	91,141
Amara Addition No. 3	8.6	9.5	71,200	91,145
Amara Addition No. 4	24.4	26.8	71,200	91,163
Amara Addition No. 5	124.8	137.3	71,200	91,273
Amara Addition No. 6	218.0	239.8	71,200	91,376
Amara Addition No. 7A	95.6	105.2	71,200	91,241
Amara Addition No. 7B	254.1	279.5	71,200	91,416
Amara Addition No. 8	400.3	440.3	71,200	91,576
Amara Addition No. 9	515.8	567.4	71,200	91,703
Amara Addition No. 10	719.7	791.7	71,200	91,928
Amara Addition No. 11	858.6	944.5	71,200	92,080

Addition Nos. 1-4

Not applicable (meet de minimis policy)

Addition Nos. 5-11 (aggregate)

3,506 AFY proposed demand

$71,200 \times 128\% + 3,506 \text{ AF} = 94,642 \text{ AF} < 95,000$

*Prior recommended extensions projected use of 149 AF to date

Meets 128% of existing usage criteria as a whole

53 of 154

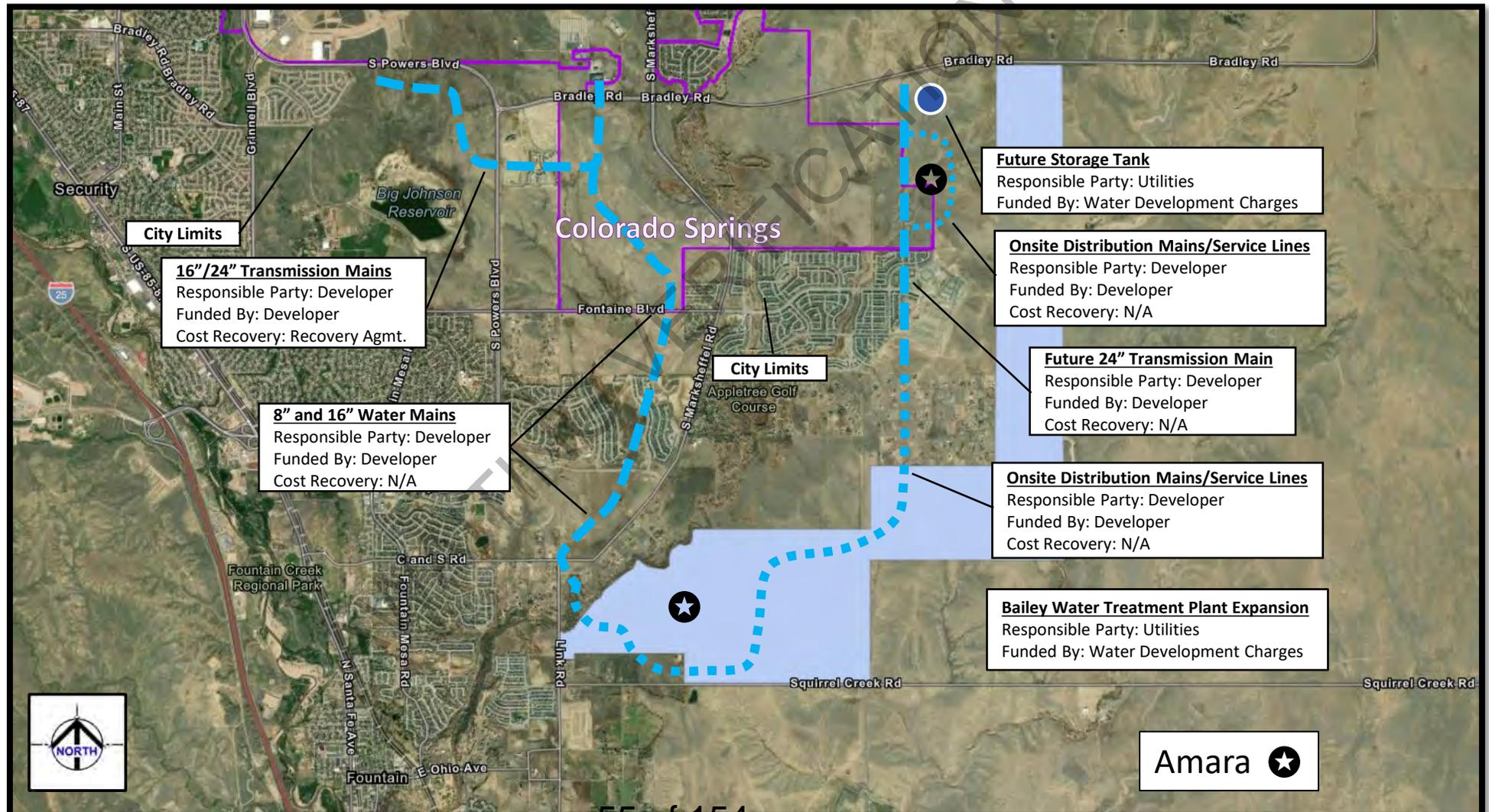
Annexation Agreement

- Signed annexation agreement based on previously submitted 12 plats
- Agreement has not been revised to reflect 23 potential plats needed to achieve the contiguity requirements of the water extension ordinance

AWAITING VERIFICATION

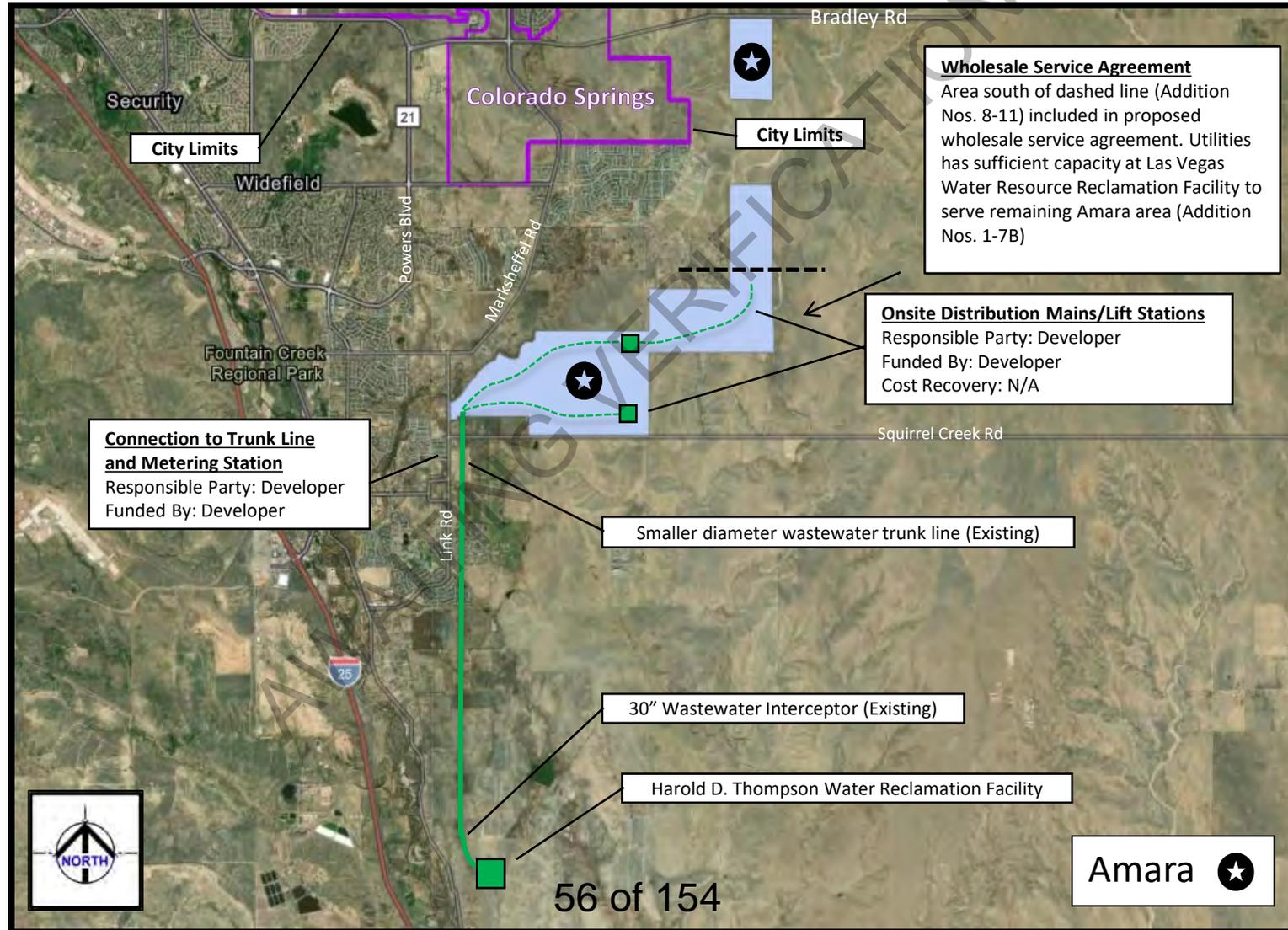
7.6.203: Conditions for Annexation

D. Water Facilities



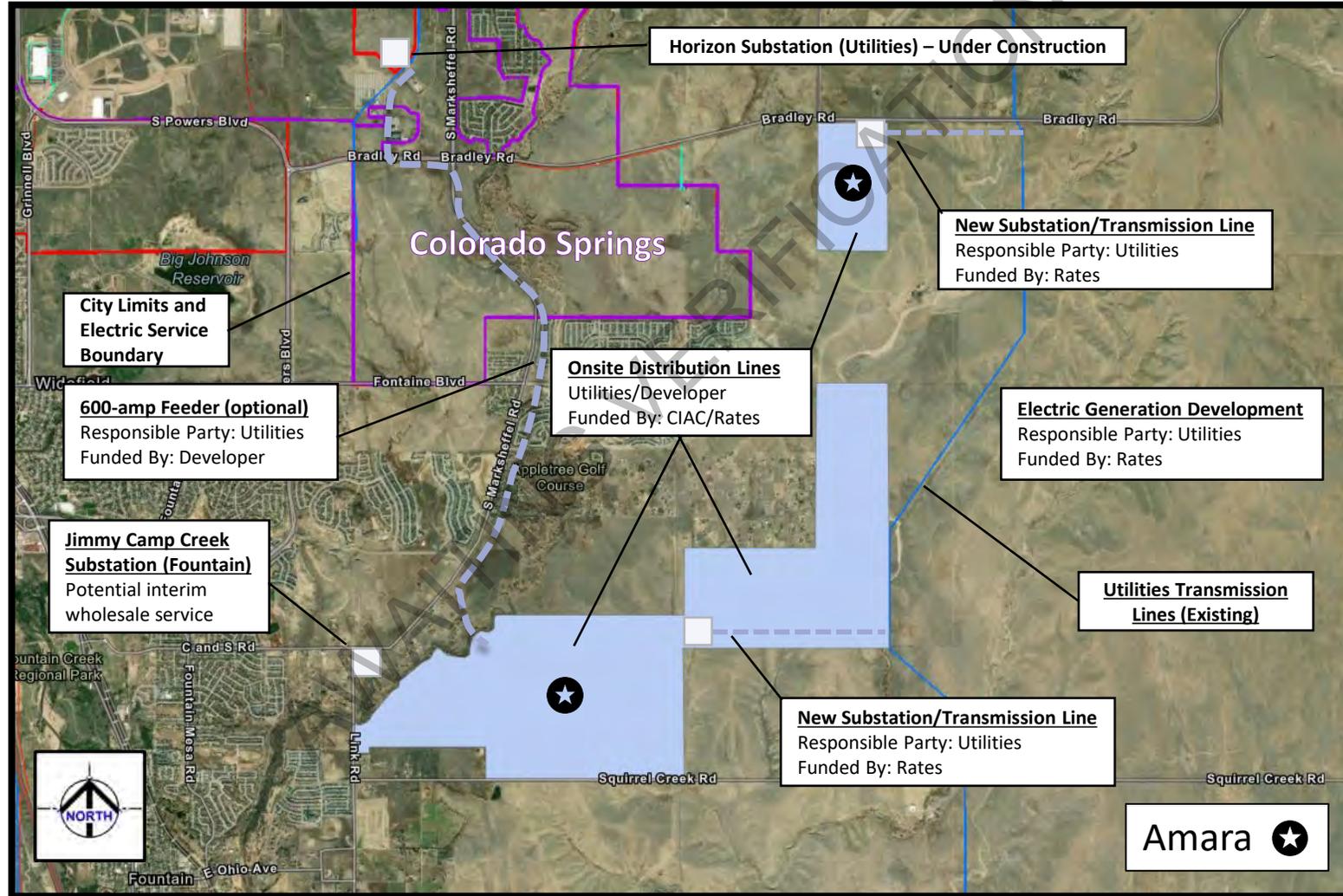
7.6.203: Conditions for Annexation

D. Wastewater Facilities



7.6.203: Conditions for Annexation

E. Utilities Extensions - Electric



Springs Utilities Capital Cost for Amara Capacity

(as submitted in 2022, based on current Annexation Agreement)



Electric

\$78M - \$118M

Generation
Transmission Lines
Substations



Natural Gas

\$17M - \$25M

City Gate
Propane Air Plant & Expansion
Transmission Upgrades



Wastewater

N/A

Third-Party Agreement



Water

\$16M - \$24M

Treatment Facilities
Storage Tanks
Supply/Resources – Collected through Water Resource Fee

Total

\$111M - \$167M

**Estimated costs are rough order of magnitude and may vary based on external factors, including but not limited to market conditions, material costs, phasing, and negotiated agreements with third-parties, including existing service providers impacted by the annexation subject to approval.*

Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council
- A recommendation of approval by the Utilities Board under City Code section 12.4.305.B.1 should be subject to the condition that the annexation plats are revised to show 25% contiguity

Next Steps

1. City acceptance of re-platted serial annexation to meet 25% contiguity
2. Determination of whether annexation agreement needs to be amended to be consistent with re-platted serial annexation.
3. Pending Recommendation – schedule for Planning Commission and City Council review

Questions?

AWAITING VERIFICATION



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Board Memo Agenda Item

Staff Report

Date: June 21, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Outside City Request for Water/Wastewater Service – 5290 Turquoise Drive

NARRATIVE:

Desired Action: Discussion

Executive Summary:

- Colorado Springs Utilities received an application for water service in Park Vista Estates enclave from the owners of 5290 Turquoise Drive (single-family residence).
- Property is not contiguous and is ineligible for annexation.
- City Code 7.6.210 permits service without annexation subject to execution of an Agreement to Annex and City Council approval.
- If approved by City Council, Agreement to Annex would allow provision of Springs Utilities water/wastewater service to property located outside City limits.
- Extending water service into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council (City Code 12.4.305.A.).
- Property currently has access to water infrastructure without need for extension.
- Property meets de minimis impact to City's water supply and enclave exceptions.
- There has been no previous Utilities Board action for this property.

Benefits: Approval of extension of water service would generate utility water revenue for Springs Utilities.

Board Policy: N/A

Cost/Budget: Costs are null or de minimis.

Affected Parties: Colorado Springs Utilities, City of Colorado Springs, property owners and rate payers.

Alternatives: Recommend approval or denial of provision of water service to a property located outside City limits.

Submitter: Bryan English

Email address: benGLISH@csu.org

Division/ Department: Systems Planning and Projects,
Customer Utilities Connections

Phone number: 719-668-8119

Date submitted: June 12, 2023

SPG Staff Use Only: Consent Calendar

Yes

X

No

ITEM NO. 9



Colorado Springs Utilities
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Outside City Water & Wastewater Service & Agreement to Annex

June 21, 2023, Utilities Board Meeting

Bryan English

Agenda

1. Service Request
2. Provision of Water/Wastewater Service
3. Water Service Extension Ordinance
4. Springs Utilities Considerations
5. Agreement to Annex
6. Utilities Board Action

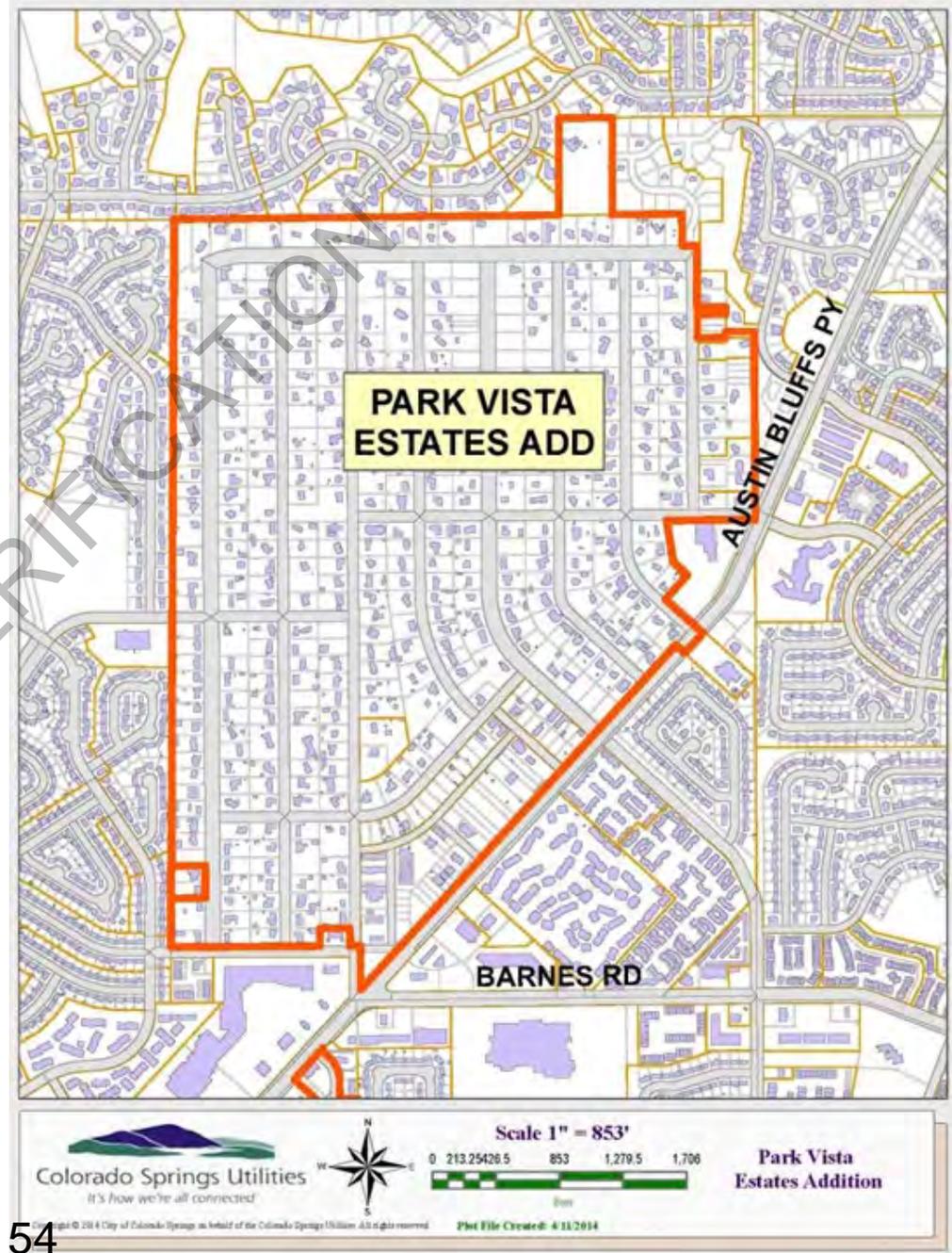
Service Request

Owners of 5290 Turquoise Drive have requested Springs Utilities water service for single-family residential use

Property located in Park Vista Estates, which is a 372-acre, 558 lot enclave, located north of Austin Bluffs Pkwy and Barnes Road

Property currently served by well

Springs Utilities provides natural gas and electric service to property and enclave



Provision of Water/Wastewater Service

- Property not contiguous with City limits
 - Ineligible for annexation under Colorado Revised Statutes
- City Code 7.6.210: Service Without Annexation
 - Springs Utilities may provide water and wastewater services upon approval of City Council through an Agreement to Annex
 - City Planning supports
- Resolution No. 106-16
 - Authorized Springs Utilities to execute Agreements to Annex providing water/wastewater service for properties in Park Vista Addition

Water Service Extension Ordinance

- Ordinance No. 23-02 passed February 14, 2023
 - Codified as City Code section 12.4.305
 - Supersedes resolution
- Requires Utilities Board to recommend and City Council approval to provide water service outside City limits
 - Approval must be based on substantiated and written record demonstrating one of the following:

Criteria for Extension per Ordinance

- B. 1. 128% of existing water usage* plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous
- OR -
2. A unique and extraordinary event or circumstance necessitates an extension of water services to serve critical interests of the City; or
- OR -
3. The area is an enclave, or
- The area is owned or leased by the City, or
- The extension will have a de minimis impact on the overall City's available water supply.

**Calculated using a five (5) year rolling average of unrestricted weather normalized usage data*

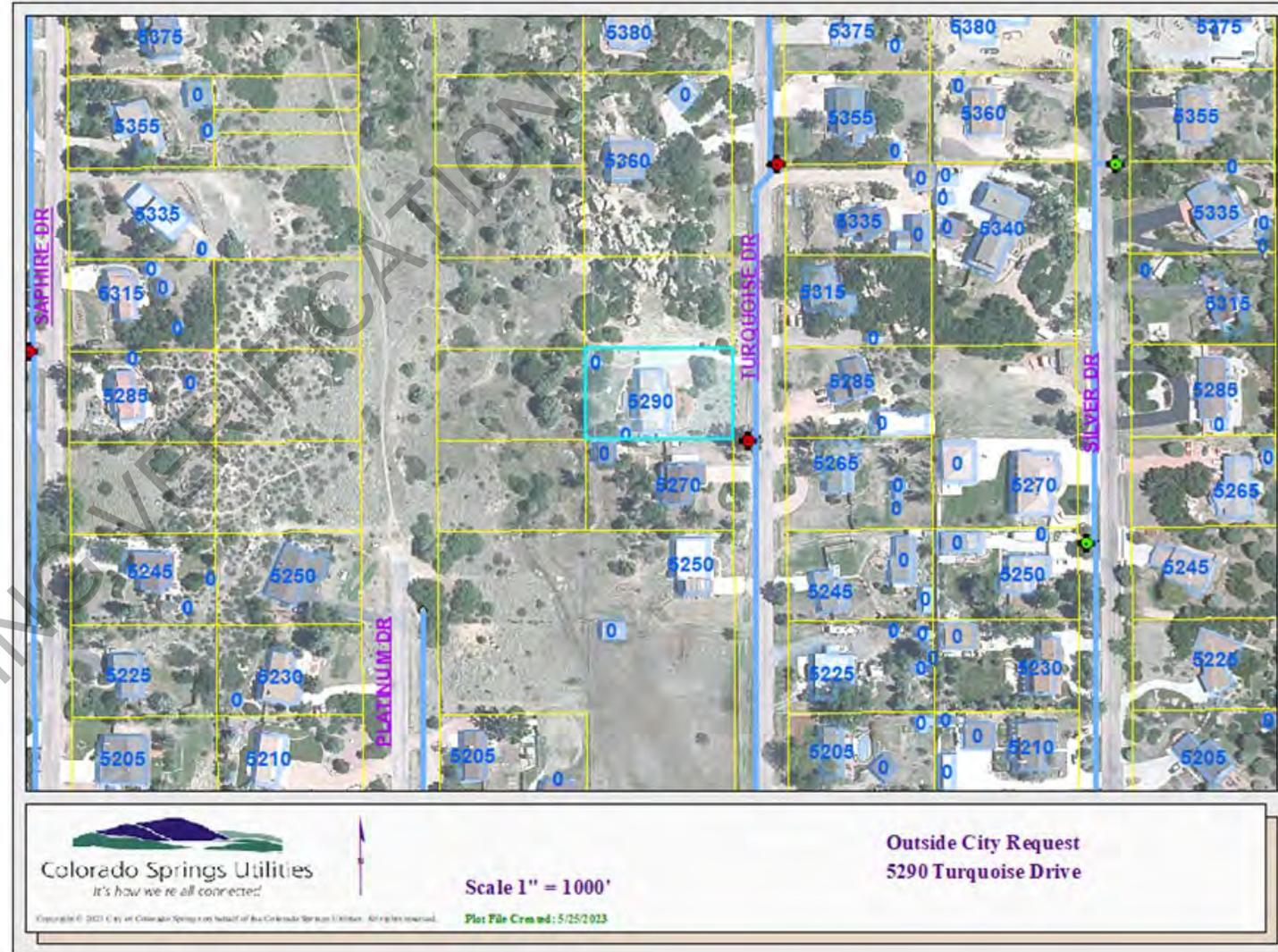
Springs Utilities Considerations 7.6.210.

Existing water main located in Turquoise Drive

Sufficient capacity exists at time of application

Agreement to Annex includes provisions for future wastewater service

- No existing wastewater mains
- Service available on a first-come first-serve basis subject to available capacity
- Avoids future revision or new Agreement to Annex



Agreement to Annex

- Standard form Agreement to Annex
 - ✓ Southeastern Colorado Water Conservancy District inclusion in process
 - ✓ Deed all groundwater rights to City of Colorado Springs
 - ✓ Typical Springs Utilities' extension policies apply
 - ✓ No utility capacity issues anticipated
 - ✓ Per tariff, owner will pay outside-City water/wastewater Development Charges and utility rates that are 50% higher than inside-City rates
 - ✓ Executed by Owner/Applicant

Application of Water Extension Ordinance

- Per City Code 12.4.305.B.3.
 - The area is an enclave (as defined by State law), or the area is owned or leased by the City, or extension of water service to the area will have a de minimis impact on the overall City's water supply.
- Proposed water service meets two (2) of the ordinance's exceptions
 1. De minimis impact to City's water supply
 - 0.3 acre-feet/year (AFY)
 - De minimis: Project water demand < 39 AFY
 - 0.3 AFY < 39 AFY
 2. Property located in an enclave (as defined by State law)

Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council

AWAITING VERIFICATION

Questions?

AWAITING VERIFICATION



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AWAITING VERIFICATION

Board Memo Agenda Item

Staff Report

Date: June 21, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: 2023AB Bond Ordinance

NARRATIVE:

Desired Action: Discussion

Executive Summary: The Utilities Board discusses the Colorado Springs Utilities' intended financing plans each year prior to City Council review and approval via ordinance.

In August, Springs Utilities anticipates raising up to \$250 million in new money debt to fund the debt-backed portion of the enterprise's upcoming capital plan from September 2023 until roughly September 2024.

Additionally, Colorado Springs Utilities expects to issue refunding bonds for all or portions of the 2013A, 2013B-1, and 2013B-2 series (\$191.8 million in total currently outstanding) at favorable net present value cost savings to the enterprise if market conditions are favorable at issuance.

Interest rates are relatively unchanged from Colorado Springs Utilities' 2023 issuance, but current market volatility is elevated and expected to remain high until the expected issuance date. Springs Utilities staff is closely monitoring issuance economics as they become clearer closer to the intended issuance timeframe.

Benefits: The 2023A series would provide the required capital to fund the debt-backed portion of Colorado Springs Utilities' upcoming capital program. Additionally, the 2023B saves Springs Utilities money by replacing current debt with debt at cheaper interest rates.

Board Policy: N/A

Cost/Budget: Costs are subject to market interest rates at the time of issuance. However, detailed current indicative estimates are provided in the presentation.

Affected Parties: N/A

Alternatives: N/A

Submitter: Adam S. Hegstrom

Email address: ahegstrom@csu.org

Division/ Planning and Finance Division /

Phone number: 719-668-8530

Department: Treasury and Finance Department

Date submitted: June 5, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 10



Colorado Springs Utilities
It's how we're all connected

2023AB Bond Ordinance

Adam Hegstrom
Treasury and Finance Manager
June 21, 2023

Plan of Finance Overview

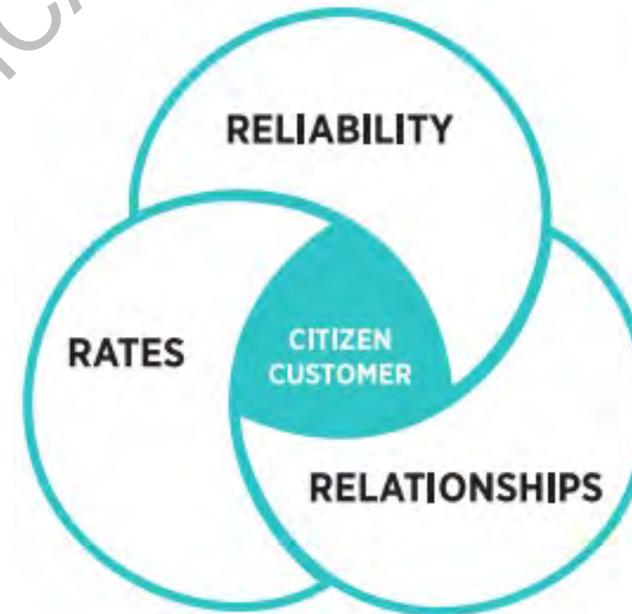
The Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Colorado Springs Utilities' ("The Utilities") capital needs

- Critical to Utilities Board's Strategic Focus
- Core tenets:

Prudence - Efficiency - Flexibility

Collectively executed by:

- Utilities Leadership
- Planning and Finance Staff
- Key Advisors
 - Financial Advisor
 - Bond Counsel
- Key Banking Partners and Counterparties



RATES

- Financial sustainability
- Resources used responsibly
- Customer value

RELIABILITY

- On-demand energy and water service
- System resiliency
- Trusted community service provider

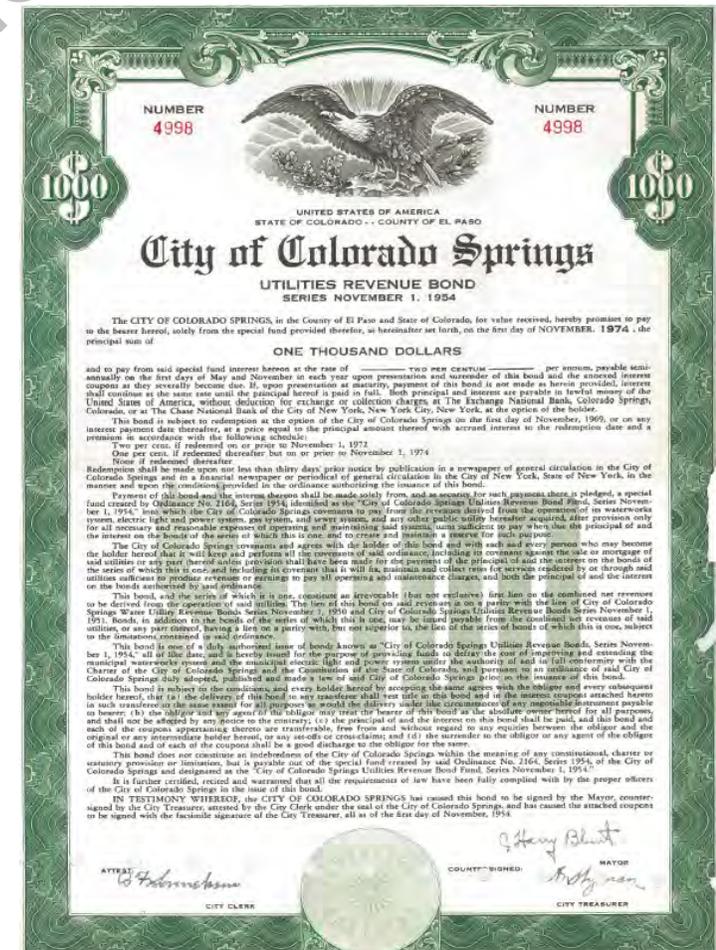
RELATIONSHIPS

- Safe, satisfied and loyal customers
- Safe, engaged, innovative and customer-focused employees
- Valued stakeholders
- Vibrant regional economy

Plan of Finance Overview

Plan of Finance efforts are dedicated towards four key objectives:

1. Fund the debt-backed portion of The Utilities' upcoming capital plan
2. Manage and optimize The Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage The Utilities' financial reputation and industry relationships to ensure market access



New Money Debt Issuance: 2023As

Objective 1: Support The Utilities' operations by funding the debt-backed portion of the Enterprise's future capital plan ("New Money Issuances")

Enterprise Need:

- Estimated \$432 million in total capital spend between September 2023 and September 2024

Anticipated Actions:

- Issue new money debt in August 2023



New Money Debt Issuance: 2023As

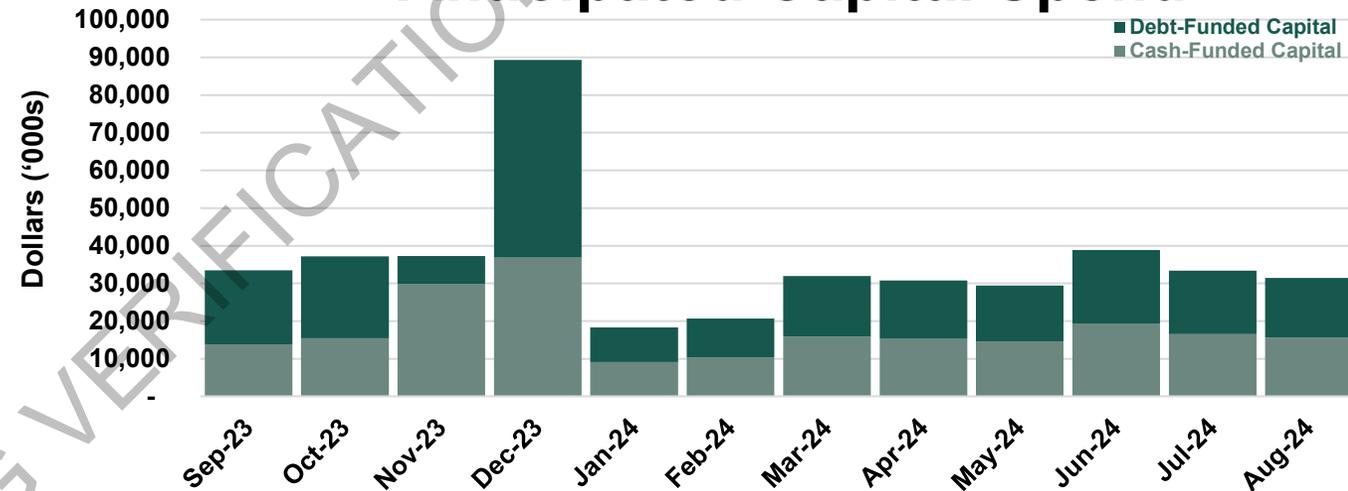
Anticipated Issuance Details:

- Current Estimated - \$225 million (proceeds)
- Ordinance Ceiling - \$250 million
- More clarity in coming months surrounding 2024 AOP/Capital Plan
- Effective balance between cash and debt to optimize financial metric performance

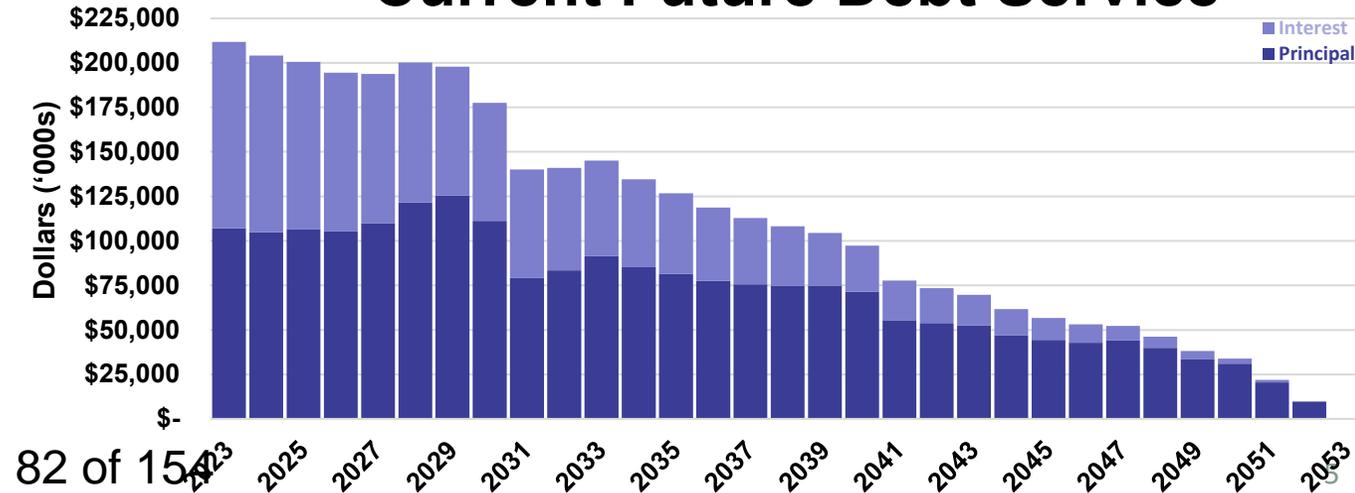
Structure:

- Traditional tax exempt fixed-rate debt
- Maturity-by-maturity optimization near issuance date

Anticipated Capital Spend



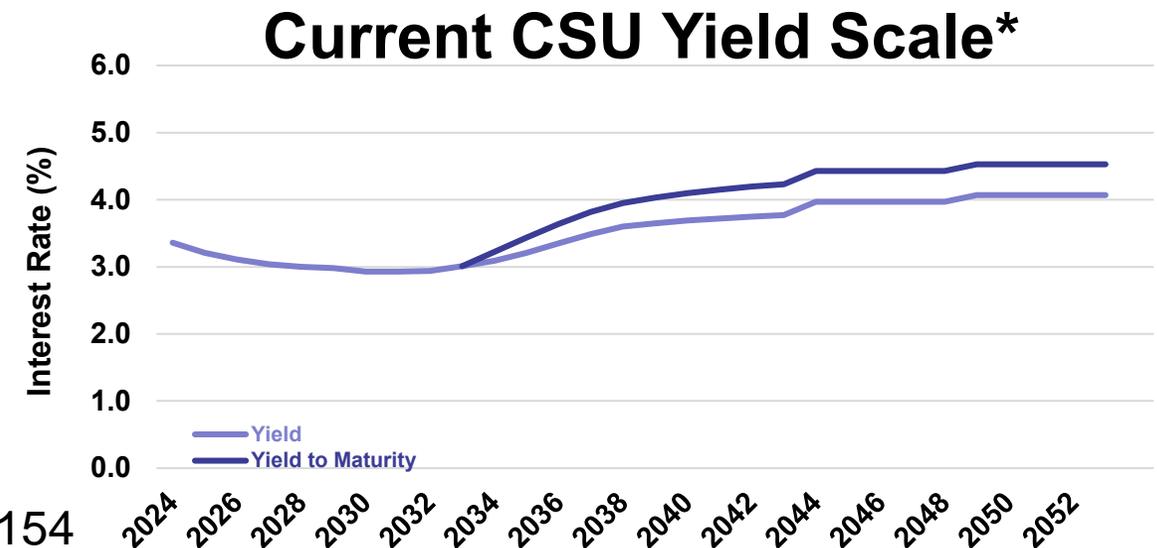
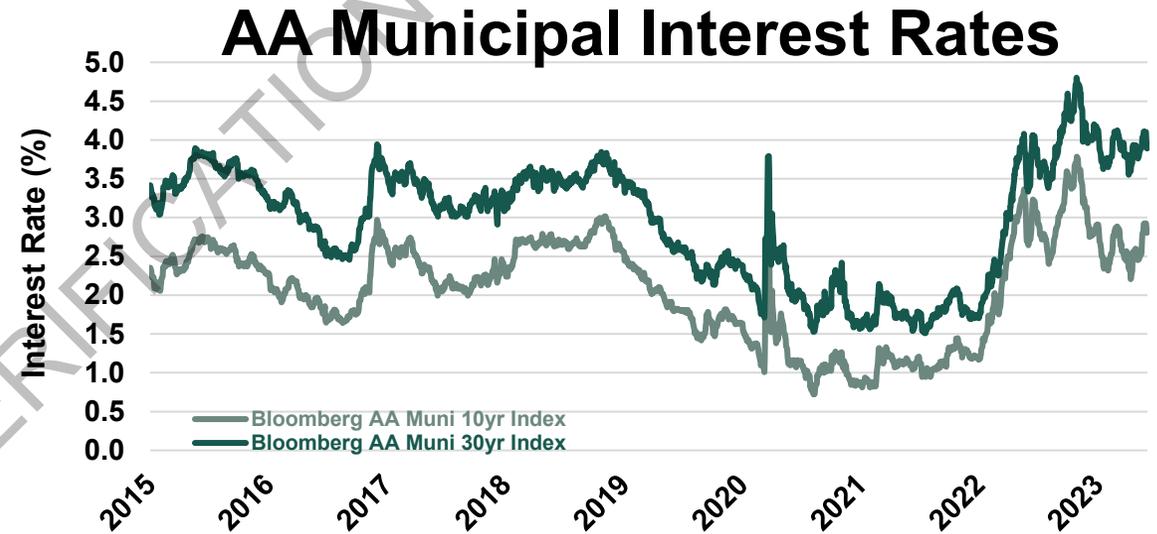
Current Future Debt Service



New Money Debt Issuance: 2023As

Market Update:

- Interest rates are roughly unchanged since last issuance
- However, the yield curve has shifted greatly
- Inflation is still above the Federal Reserve's target range
- Municipal supply has dropped dramatically
- Investor flows have stabilized after large outflows in 2022
- To best match short-term market supply and demand/liquidity, pricing date has been accelerated to mid-august



Refunding Debt Issuance: 2023Bs

Objective 2: Manage and optimize The Utilities' current debt portfolio (“Refunding Issuances”)

- \$1.78 billion in outstanding fixed rate bonds
- Vast majority can be refinanced 10 years after issuance if interest rate economics are favorable

Anticipated Actions:

- Issue a current refunding transaction in August to refinance all/parts of the 2013A, 2013B-1, and 2013B-2 issuance:

Current Estimated Refunding Results

	Total
Par Value of Remaining Bonds	\$191.8 million
Cashflow Savings from Refunding	\$26.0 million
NPV Savings (\$)	\$18.50 million
NPV Savings (%)	9.644%

84 of 154

Industry and Investor Relationships

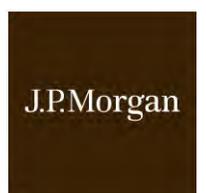
Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

JP Morgan Investor Conference

- Presentation to ~50 institutional investors on the state of The Utilities and our credit
- 6 Q&A meetings with interested portfolio managers and analysts

Underwriter Pool Selection

- Competitive process from 12 banks
- Six chosen for pool for an anticipated 5-year term
- Team selected for 2023AB issuance:
 - Senior Manager - Goldman Sachs
 - Co-Managers - Bank of America, Morgan Stanley, and Piper Sandler



Industry and Investor Relationships

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

Credit Rating Agencies

- Currently preparing messaging materials for upcoming rating agency meetings
- Site tours included
- Anticipated topics of interest to address:
 - Fuel price volatility management
 - Funding of large future capital programs
 - Environmental regulation
 - Colorado River Compact implications
 - Major project highlights
 - Inflation and supply chain impacts
 - Short- and long-term financial planning processes

	MOODY'S	S&P Global	FitchRatings
	Moody's	S&P	Fitch
	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Investment Grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
Non-Investment Grade	B1	B+	B+
	B2	B	B
	B3	B-	B-
<i>High Yield "Junk"</i>	Caa	CCC	CCC
	Ca	CC	CC
	C	C	C
Default	C	D	D

Debt Issuance Working Timetable

Date	Event
<i>Friday, February 10, 2023</i>	<i>Plan of Finance Presentation to Finance Committee</i>
<i>Wednesday, April 26, 2023</i>	<i>JP Morgan Investor Conference</i>
<i>Monday, May 1, 2023</i>	<i>Underwriter Pool Selection</i>
<i>Monday, June 19, 2023</i>	<i>Finance Committee Presentation</i>
Wednesday, June 21, 2023	Utilities Board Presentation
Wednesday, June 21, 2023	Document Review with Underwriters
Tuesday, June 27, 2023	First Reading of Ordinance - City Council
Tuesday, July 11, 2023	Second Reading of Ordinance & Ordinance Approval – City Council
Wednesday, July 12, 2023	Rating Agency Presentations
Tuesday, August 15, 2023	Bond Pricing
Thursday, August 31, 2023	Issuance Closing



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Board Memo Agenda Item

Staff Report

Date: June 21, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Fuel Related Rate Adjustments

NARRATIVE:

Desired Action: Discussion

Executive Summary: Colorado Springs Utilities will inform Utilities Board of the fuel related rate adjustments to be proposed at the City Council meeting on June 27, 2023. If approved by City Council, the rate changes will be effective July 1, 2023.

Consistent with the Cost Adjustment Guidelines (G-6), Utilities staff provides regular updates to Utilities Board and anticipates proposing quarterly changes to Electric Cost Adjustment (ECA), Gas Cost Adjustment (GCA), and Green Power Service rates. On Feb. 28, 2023, City Council approved the current ECA, GCA and Green Power Service rates effective March 1, 2023. In response to market fluctuations, Utilities is proposing increases to ECA and Green Power Service rates and decreases to GCA rates.

Utilities provides annual monitoring and anticipates proposing annual adjustments to Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC) rates. On June 28, 2022, City Council approved the current ECC and GCC rates effective July 1, 2022. Utilities proposes ECC and GCC adjustments that change rates by Rate Class consistent with capacity allocations.

Details of proposed fuel related rate adjustments were provided to Utilities Board Finance Committee on June 19, 2023.

Benefits: Proposal of timely cost adjustments to pass through cost associated with fluctuations in market prices.

Board Policy: Electric and Gas Cost Adjustments (G-6)

Cost/Budget: N/A

Affected Parties: Utilities' Electric and Natural Gas Customers

Alternatives: Board to provide alternative direction.

Submitter: Scott Shirola

Email address: sshirola@csu.org

Division/ Planning and Finance

Phone number: 719-668-8661

Department: Division/Pricing and Rates

Date submitted: June 13, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 11



Colorado Springs Utilities
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Fuel Related Rate Adjustments

Scott Shirola, Pricing and Rates Manager

June 21, 2023



Agenda

- Quarterly Electric and Natural Gas Cost Adjustment (ECA and GCA)
- Annual Electric and Natural Gas Capacity Charges (ECC and GCC)
- Sample Bill Impacts

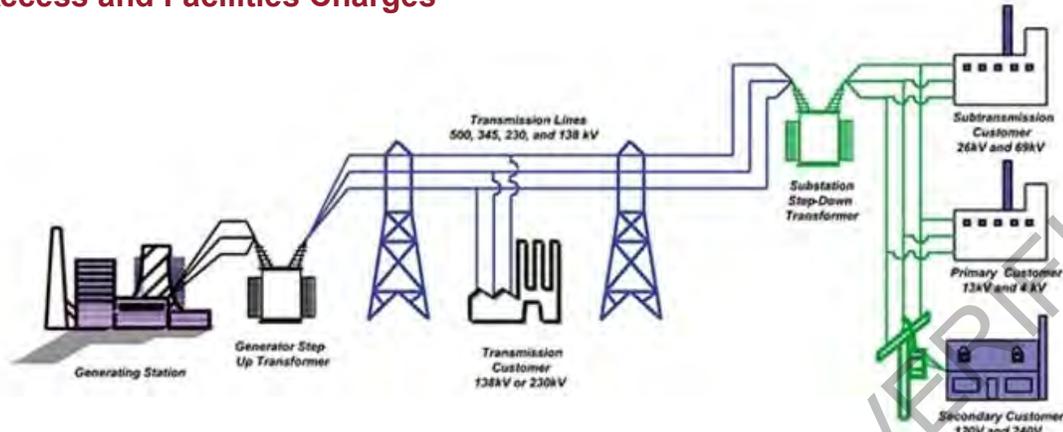
Non-fuel (Base) and Fuel Related Rates

Electric

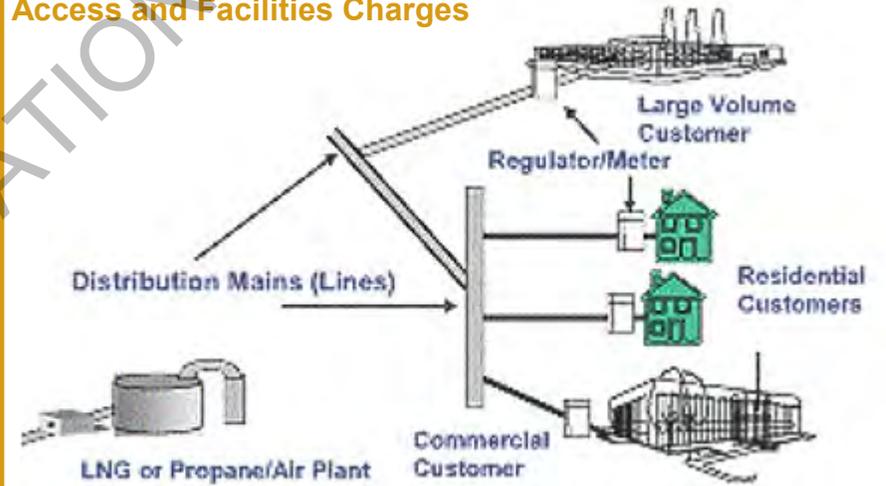
Natural Gas

Non-Fuel
Base Rates

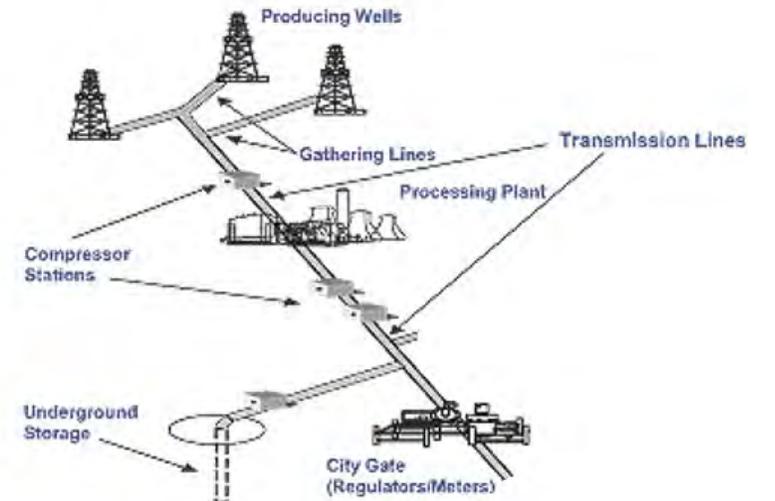
Access and Facilities Charges



Access and Facilities Charges



Fuel
Rates



Electric Cost Adjustment (ECA)
Electric Capacity Charge (ECC)

Gas Cost Adjustment (GCA)
Gas Capacity Charge (GCC)

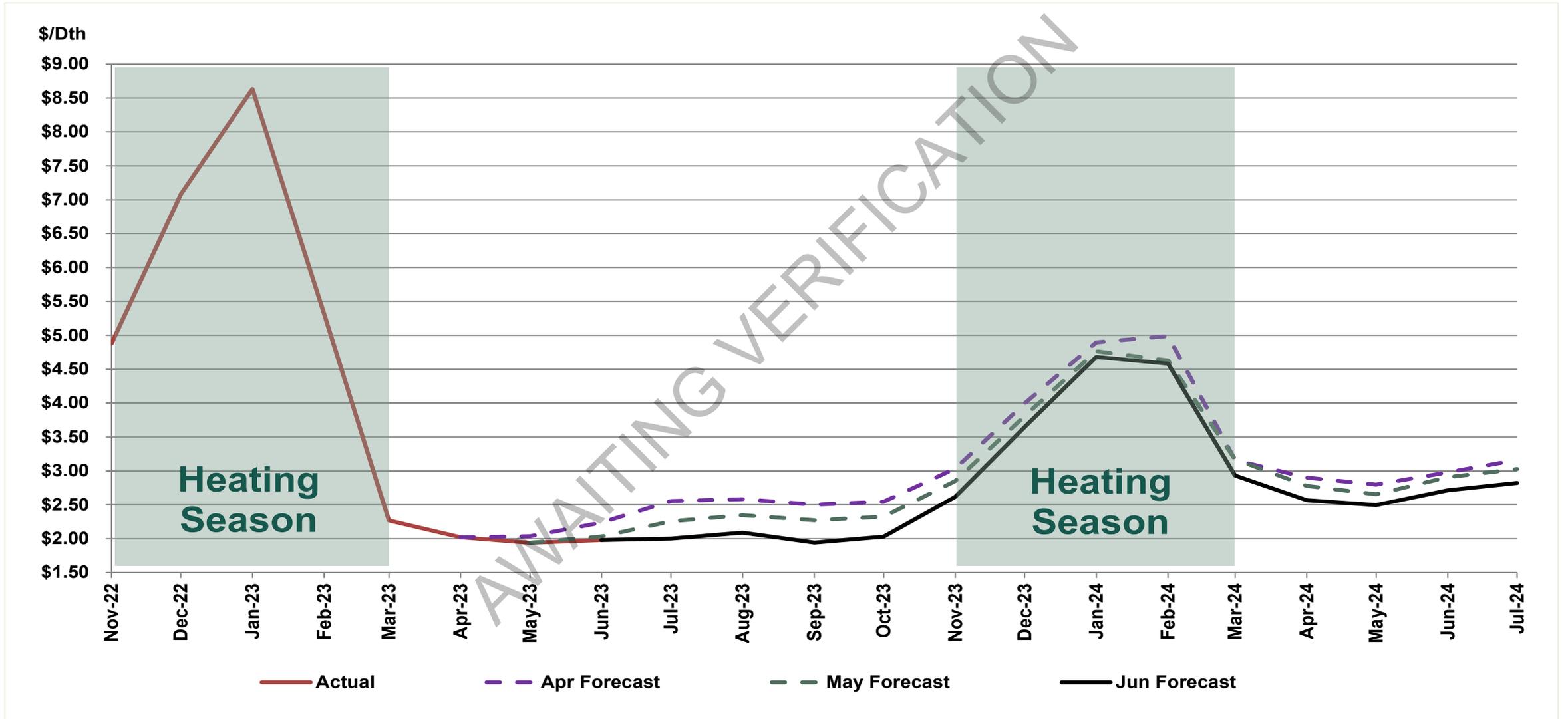
Types of Fuel Related Cost

- Energy Cost: Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA)
 - Energy costs are variable and driven by price fluctuations in the coal, natural gas, and purchase power market
 - Monitored monthly and adjusted quarterly
- Capacity Cost: Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC)
 - Capacity costs are primarily fixed based on contracted/reserved transmission capacity
 - Reviewed and adjusted annually
- Two-part Fuel Rate Composition
 - Part one: Forecasted expense for the period the rate will be in effect
 - Part two: True-up of over/under collected cost over 12 or 24-month period

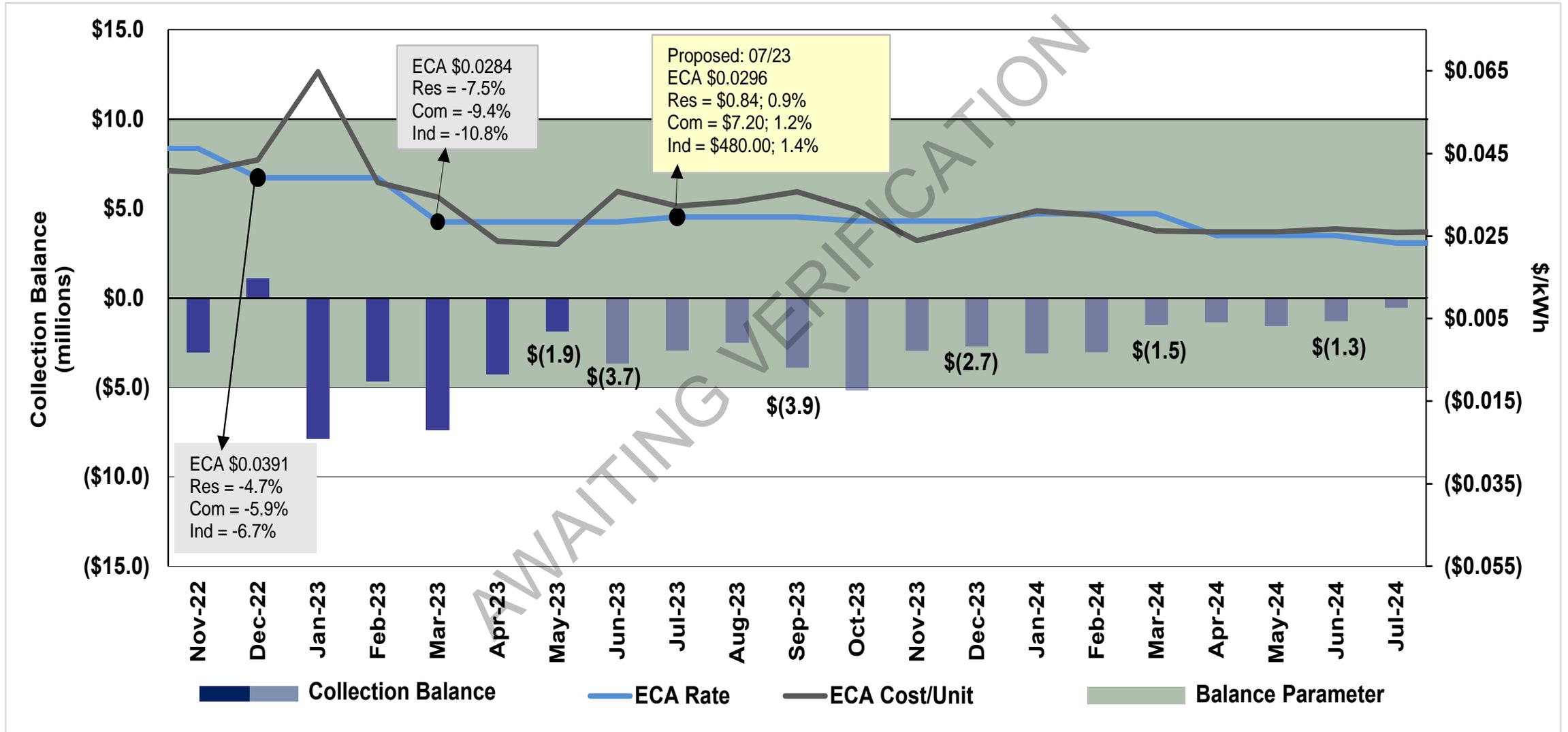
Electric Cost Adjustment Gas Cost Adjustment

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Natural Gas Prices as of June 1, 2023

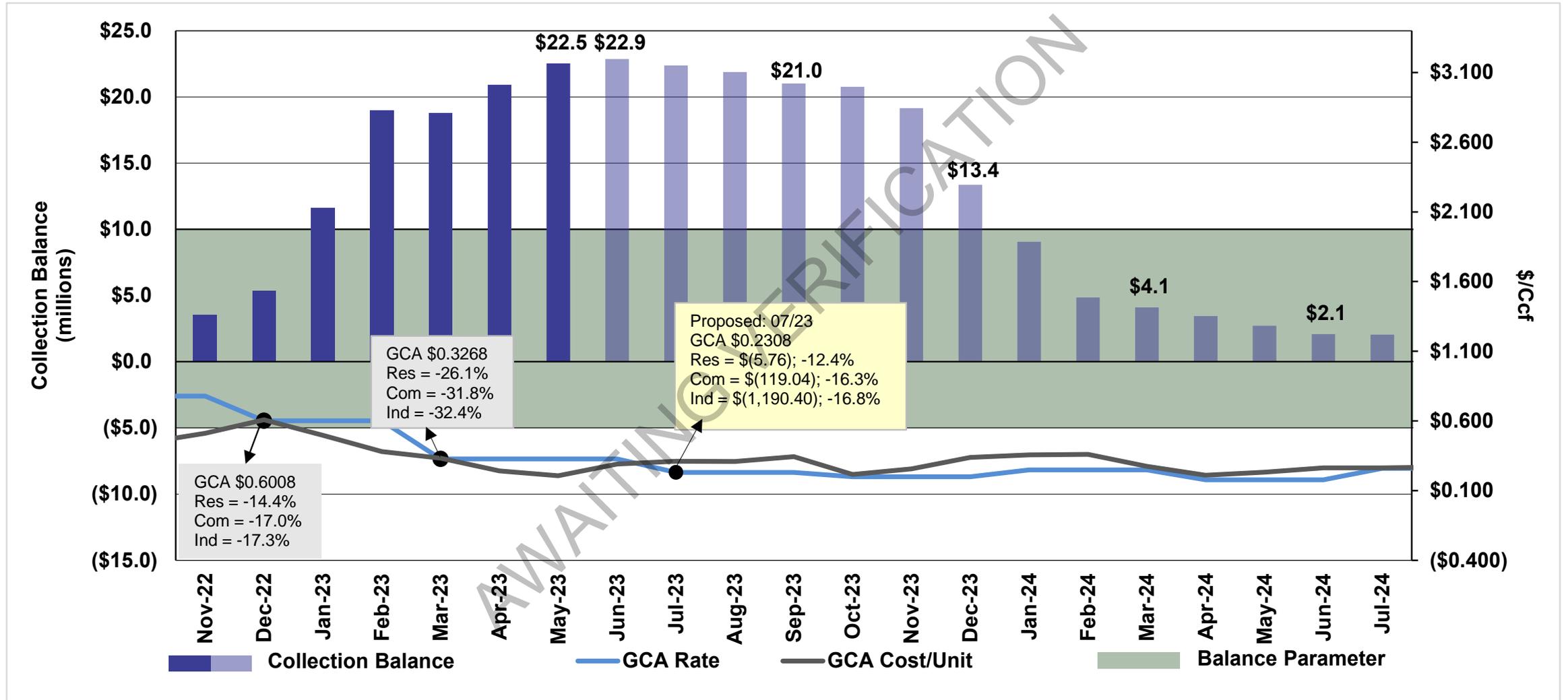


ECA Projections June 2023



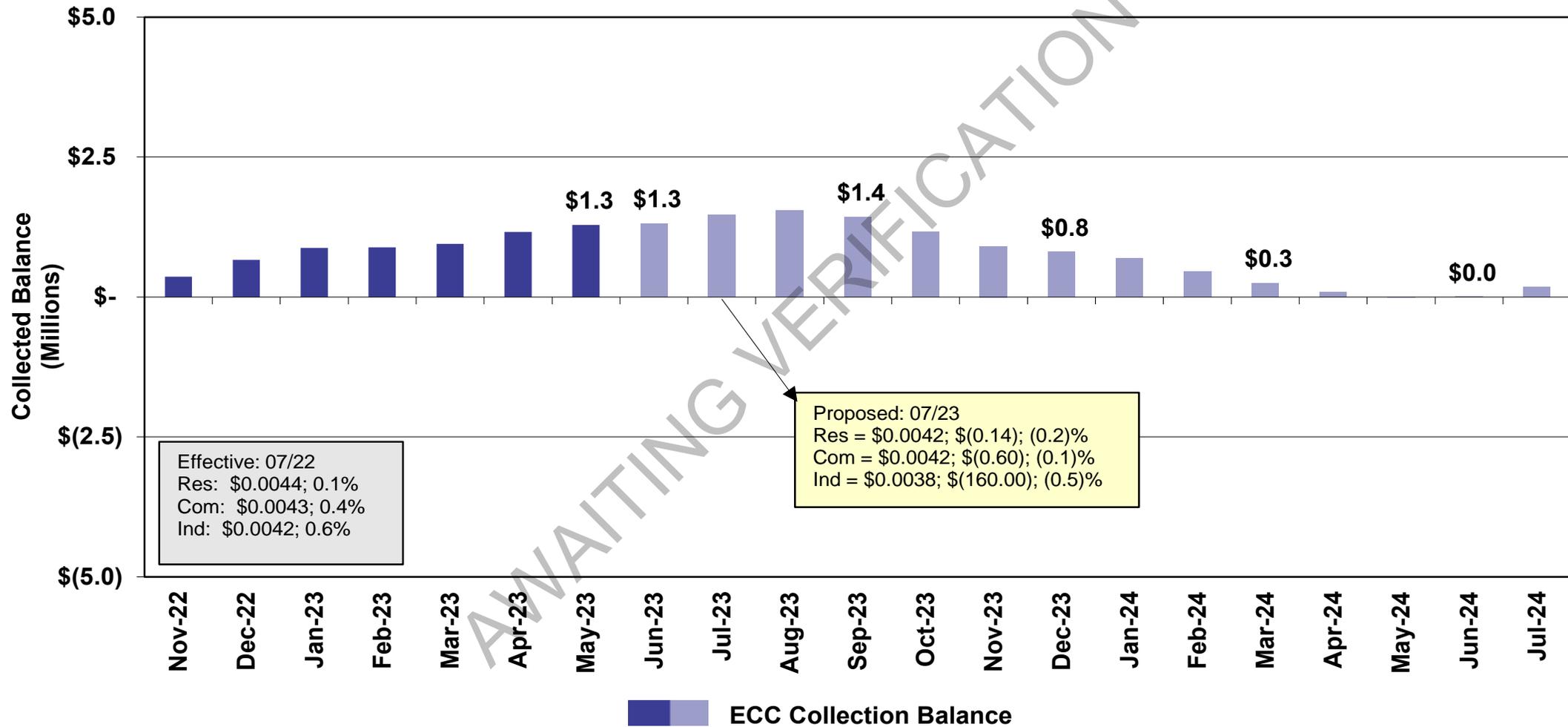
Current Green Power Service rate of \$0.0342 per kWh proposed to change to \$0.0361 per kWh, effective July 1, 2023

GCA Projections June 2023

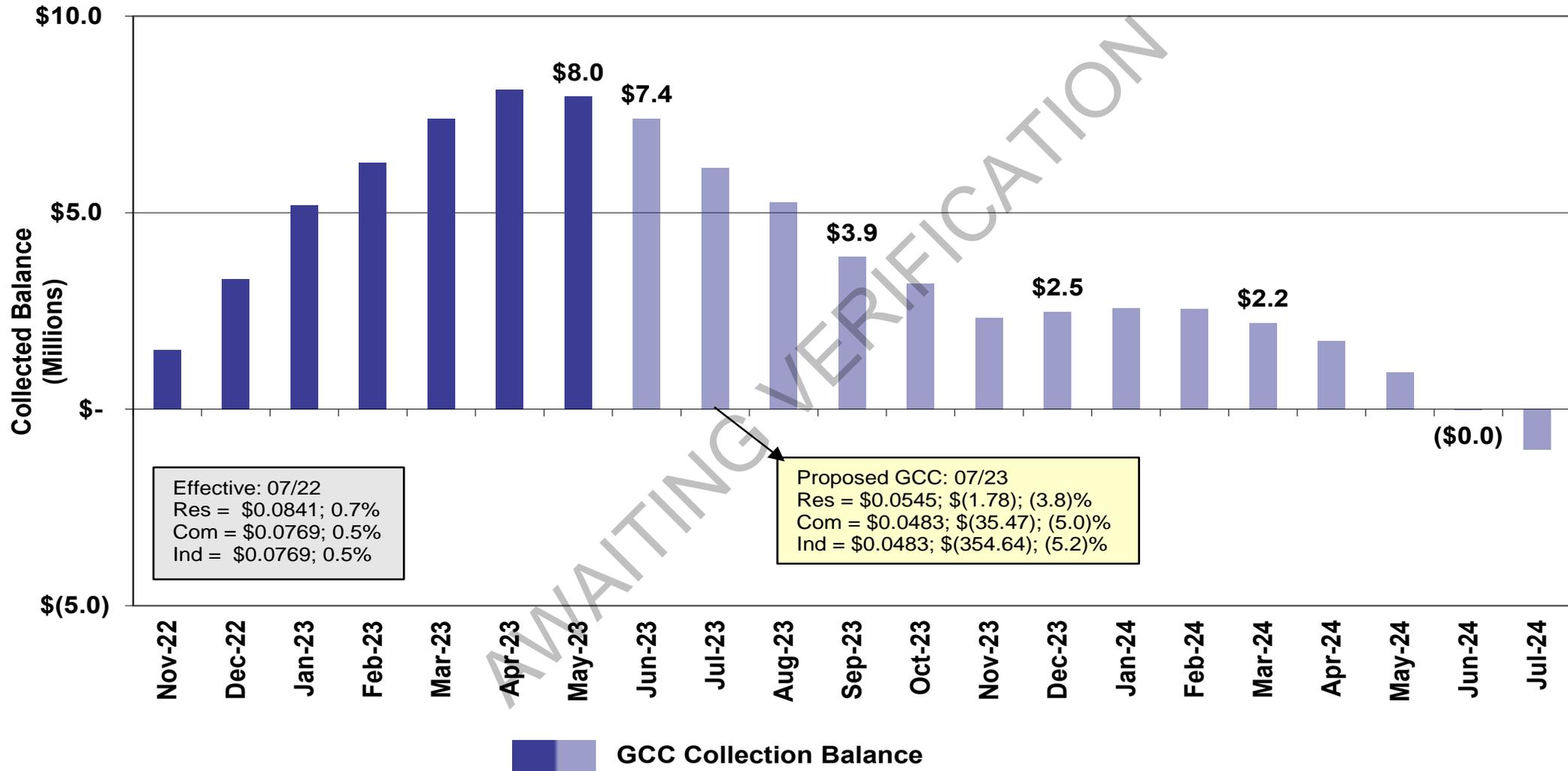


Electric Capacity Charge (ECC) Gas Capacity Charge (GCC)

ECC Projections June 2023



GCC Projections June 2023



Sample Bill Impacts

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Sample Residential Bill - Proposed Effective 7/1/23



Sample Residential Monthly Bill

- SAMPLE BILL CALCULATIONS ASSUME:**
- 30 Day Billing Period
 - 700 kWh Electric
 - 60 Ccf Natural Gas
 - 1,100 cf Water inside city limits
 - 700 cf Wastewater inside city limits

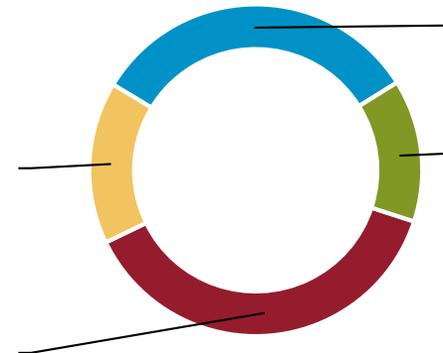
Proposed Residential Changes (Sample Bill)

Current Average Sample Bill	\$ 253.56
Proposed Electric & Gas Decrease:	\$ 6.84
Proposed Total Avg. Sample Bill	\$ 246.72

*Actual bill impacts will vary based on individual customer usage.

Sample Total Residential Monthly Bill

Electric (Proposed)	\$ 93.36
Gas (Proposed)	\$ 39.00
Water	\$ 80.14
Wastewater	\$ 34.22
Total (Proposed)	\$246.72



Sample Total Monthly Bill - Proposed Effective 7/1/23

Line No.	Rate Class	Current Effective	Proposed	Proposed Increase/ (Decrease)	% Change
(a)	(b)	(c)	(d)	(e) (d) - (c)	(f) (e) / (c)
1	Residential				
2	Electric	\$ 92.66	\$ 93.36	\$ 0.70	0.8%
3	Gas	46.54	39.00	(7.54)	-16.2%
4	Water	80.14	80.14	-	0.0%
5	Wastewater	34.22	34.22	-	0.0%
6	Total	\$ 253.56	\$ 246.72	\$ (6.84)	-2.7%
7	Commercial				
8	Electric	\$ 617.23	\$ 623.83	\$ 6.60	1.1%
9	Gas	728.77	574.26	(154.51)	-21.2%
10	Water	241.65	241.65	-	0.0%
11	Wastewater	126.76	126.76	-	0.0%
12	Total	\$ 1,714.41	\$ 1,566.50	\$ (147.91)	-8.6%
13	Industrial				
14	Electric	\$ 35,459.34	\$ 35,779.34	\$ 320.00	0.9%
15	Gas	7,075.46	5,530.42	(1,545.04)	-21.8%
16	Water	3,160.35	3,160.35	-	0.0%
17	Wastewater	1,630.76	1,630.76	-	0.0%
18	Total	\$ 47,325.91	\$ 46,100.87	\$ (1,225.04)	-2.6%

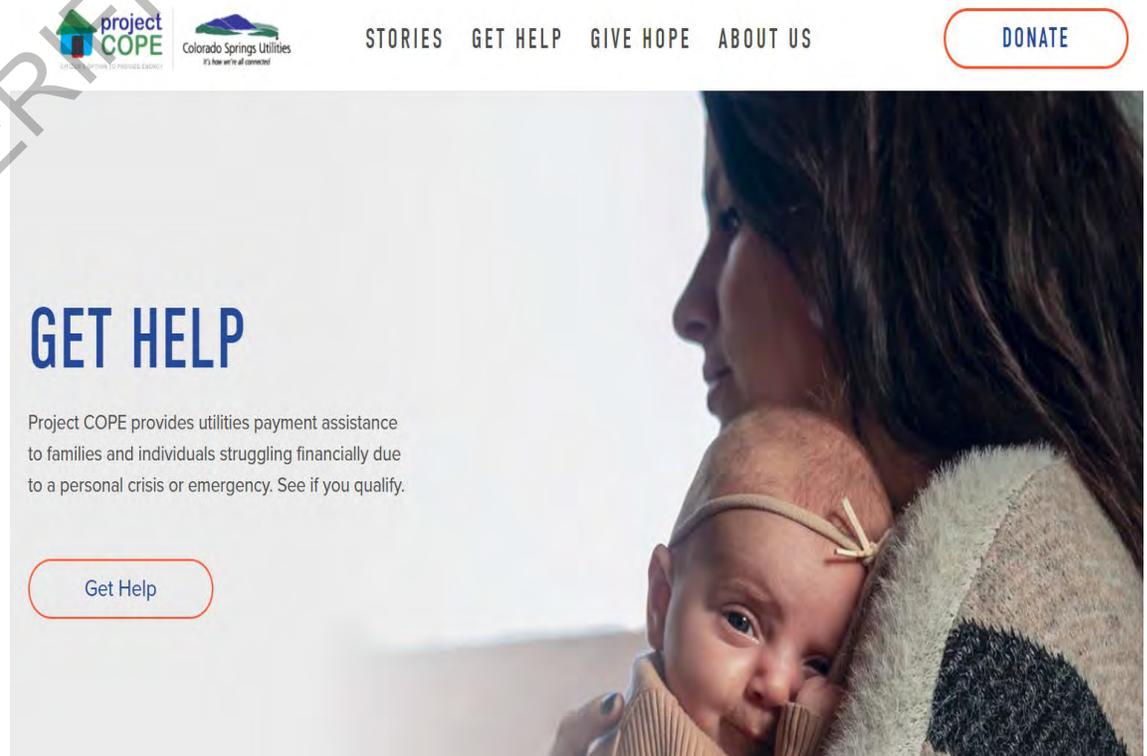
Sample Total Monthly Bill calculations for current and proposed rates assume:

- Residential - 30 days, 700 kWh (Electric), 60 Ccf (Natural Gas), 1,100 cf (Water Inside City Limits), and 700 cf (Wastewater Inside City Limits)
- Commercial - 30 days, 6,000 kWh (Electric), 1,240 Ccf (Natural Gas), 3,000 cf (Water Inside City Limits), and 3,000 cf (Wastewater Inside City Limits)
- Industrial - 30 days, 400,000 kWh and 1,000 kW (Electric), 12,400 Ccf (Natural Gas), 50,000 cf (Water Inside City Limits), and 50,000 cf (Wastewater Inside City Limits)

Note: Specific individual customer impact can be calculated by utilizing Utilities' Bill Calculator found at www.csu.org/bcals/

Helping Customers Today

- Bill assistance
 - Low-Income Energy Assistance Program (LEAP) Nov – Apr
 - Project COPE
- Payment options
 - Payment plans
 - Pick my payment date
- Contact information
 - 2-1-1 for customer assistance
 - 719-448-4800 for billing questions



Long-term Assistance

- Free efficiency home upgrades
 - Home Efficiency Assistance Program (HEAP)
- Efficiency tips & education
 - Online at csu.org
 - Conservation and Environmental Center
- Rebates
 - Clothes dryer
 - Water heater
 - Furnace
 - Smart thermostat





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Board Memo Agenda Item

Staff Report

Date: June 21, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: A Resolution Finding a Public Purpose in a Lease for Less Than Fair Market Value to the State of Colorado

NARRATIVE:

Desired Action: Discussion

Executive Summary: Colorado Springs Utilities requests that the Utilities Board move forward to City Council a Resolution finding a public purpose in a lease of less than fair market value to the State of Colorado, Department of Higher Education, by the State Board for Community Colleges and Occupational Education for the use and benefit of Trinidad State Junior College in support of the Rocky Mountain Line Technician Program.

Staff is requesting approval of a term of five-years with an additional option to renew for three more five-year terms.

Benefits: Colorado Springs Utilities has realized substantial benefits from the Trinidad's program, including training of a local workforce of electric line technicians and would like for those benefits to continue.

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: Trinidad State Junior College and the Colorado Department of Higher Education

Alternatives: N/A

Submitter: Jessica Davis

Email address: jedavis@csu.org

Division/ Department: Systems Planning & Projects/
Technology & Facility Management

Phone number: 719-668-7581

Date submitted: June 5, 2023

SPG Staff Use Only: Consent Calendar

Yes

X

ITEM NO. 12



Colorado Springs Utilities
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A Resolution Finding a Public Purpose in a Lease for Less Than Fair Market Value to the State of Colorado

Jessica Davis
Land Resource Manager
June 21, 2023

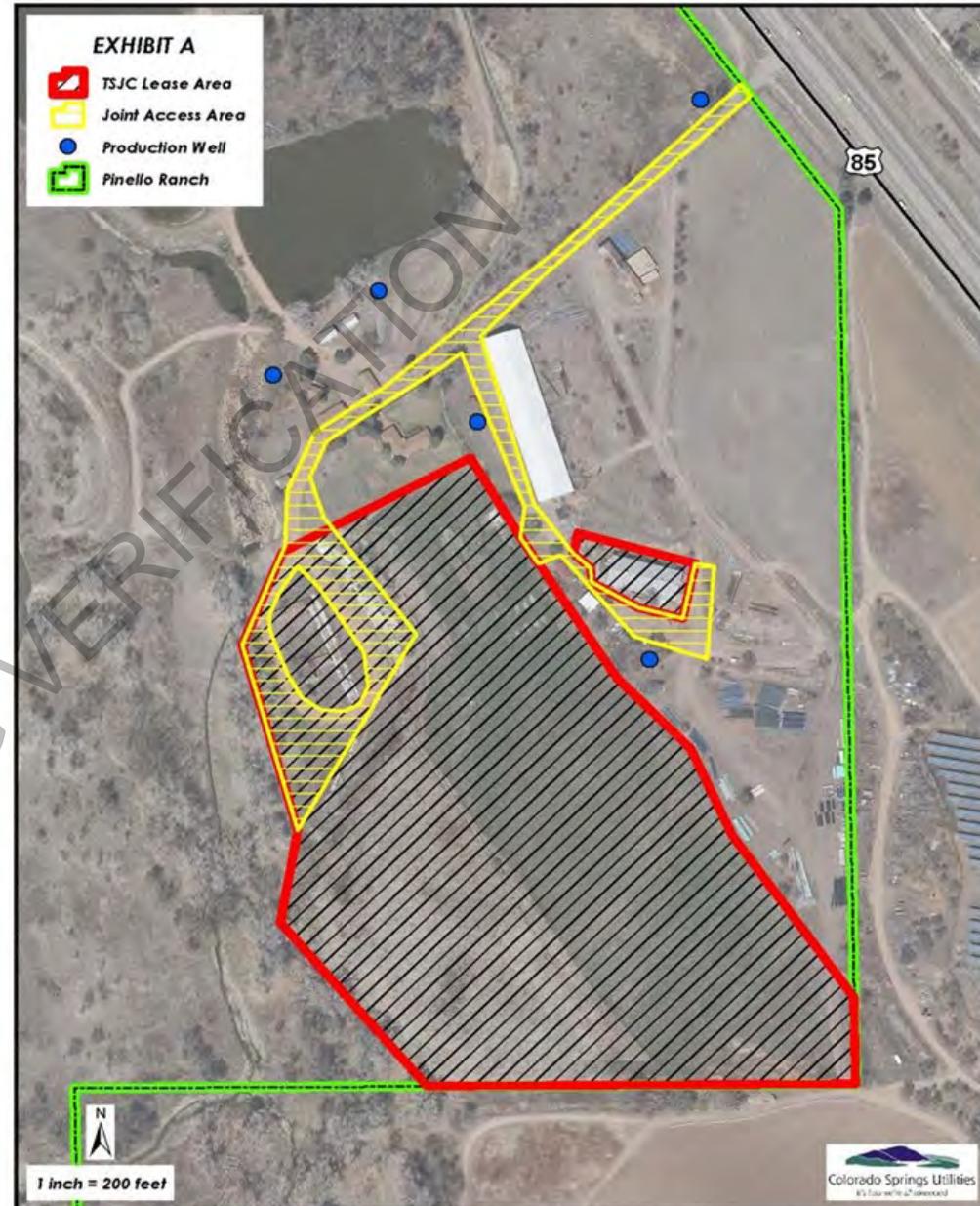
Background

- Existing MOU since 2008
- Existing lease at Pinello Ranch since 2018
- Need for Qualified Line technicians
- Local hiring = stay in community
- Provides hands on and classroom laboratory and practical training



Proposal

- Continue existing partnership with Trinidad State Junior College
 - Facilitate training of future linemen
 - Develop electric line technicians
- Lease portion of Pinello Ranch to Trinidad State Junior College
 - Five-year renewable lease
 - Educational program
 - Zero Lease rate
- Requires Council approval – below market lease rate



Benefits

- Excellent pool for Colorado Springs Utilities and other regional utilities
- Well paying jobs (for non-college degreed individuals and veterans seeking a career or new career path)
- Local candidates, local training, local benefits – community
- 90% successful placement in lineman industry
- Classroom and training facilities in one location
- Long-term use of property benefits the community
- Commitment for the College, City Council Utilities Board and Community
- Recruits from region most likely to stay in region



Action Requested

- Request resolution be placed on the July 11, 2023 formal City Council agenda for consideration.

AWAITING VERIFICATION



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RESOLUTION NO. ____-23

A RESOLUTION FINDING A PUBLIC PURPOSE IN A LEASE FOR LESS THAN FAIR MARKET VALUE TO THE STATE OF COLORADO, DEPARTMENT OF HIGHER EDUCATION, BY THE STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION FOR THE USE AND BENEFIT OF TRINIDAD STATE JUNIOR COLLEGE IN SUPPORT OF THE ROCKY MOUNTAIN LINE TECHNICIAN PROGRAM

WHEREAS, on July 26, 2018, City Council passed Resolution No. 64-18, which allowed Colorado Springs Utilities (“Utilities”) to enter into a five-year, revocable lease (the “Lease”) agreement at below fair market value with the State of Colorado, Department of Higher Education, by the State Board for Community Colleges and Occupational Education for the use and benefit of Trinidad State Junior College (the “State”) for the State to use a portion of Utilities-controlled Pinello Ranch for the Rocky Mountain Line Technician Program (the “Program”); and

WHEREAS, Utilities’ Energy Division has realized substantial benefits from the Program, including training of a local workforce of electric line technicians, and wants those substantial benefits to continue; and

WHEREAS, the Lease’s term expired on April 30, 2023, and Utilities and the State (collectively, the “Parties”) wish to continue the Lease at a rental rate below fair market value due to the benefit it provides Utilities for an additional five-year term, with the Parties having the option to extend the Lease for three additional five-year terms; and

WHEREAS, pursuant to The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021 (“RES Manual”) and City Charter §10-100 require that City Council make findings regarding a public purpose for a below-market lease.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. In accordance with §11.2(c)(iii)(2) of the RES Manual, City Council hereby finds a public purpose in granting to the State a five-year revocable lease, with the option to extend the lease for three additional five-year terms for the Program at a rental rate below fair market value.

Section 2. The City's Real Estate Services Manager is authorized to execute all documents necessary to enter the lease agreement described in Section 1.

DATED at Colorado Springs, Colorado, this _____ day of _____, 2023.

Council President

ATTEST:

Sarah B. Johnson, City Clerk

AWAITING VERIFICATION

Board Memo Agenda Item

Staff Report

Date: June 21, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: A Resolution Authorizing the Acquisition of Real Property to be Used for the Central Bluffs Substation Project

NARRATIVE:

Desired Action: Discussion

Executive Summary: Colorado Springs Utilities has identified three substations that are severely space constrained and no longer located at ideal points on the grid to accommodate future demand. The Central Bluffs Substation Project will replace these three aging substations with one facility to improve system reliability, resiliency, and efficiency. Additionally, it will provide for long-term operation and maintenance savings. As part of the project, Springs Utilities has identified a site for the new substation.

There are seven parcels that need to be acquired to accommodate the new substation. Springs Utilities is requesting that the Utilities Board forward a resolution to City Council to request approval to purchase 2910 Austin Bluffs Parkway, Colorado Springs, Colorado. This is the last acquisition needed for the Central Bluffs Substation Project.

Benefits: Colorado Springs Utilities is modernizing the electric grid for sustainability and system resiliency and reliability.

Board Policy: N/A

Cost/Budget: The total acquisition amount of \$2,150,000 for 2910 Austin Bluffs Parkway.

Affected Parties: Colorado Springs Utilities conducted neighborhood meetings on July 20 and Oct. 18, 2022, to inform the neighborhood about the project. Springs Utilities sent out mailers to all the properties within a one-mile radius of the project site. Staff met with and has had regular communication with property owners impacted by the project and will continue to communicate with stakeholders on a regular basis. The Utilities Board has been briefed on the proposed acquisition of the property. In addition, negotiations with property owners are conducted in accordance with the RES Manual, and all applicable laws.

Alternatives: N/A

Submitter: Jessica Davis

Email address: jedavis@csu.org

Division/ Systems Planning & Projects/

Phone number: 719-668-7581

Department: Technology & Facility Management

Date submitted: June 5, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 13



Colorado Springs Utilities
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A RESOLUTION AUTHORIZING THE ACQUISITION OF REAL PROPERTY TO BE USED FOR THE CENTRAL BLUFFS SUBSTATION PROJECT

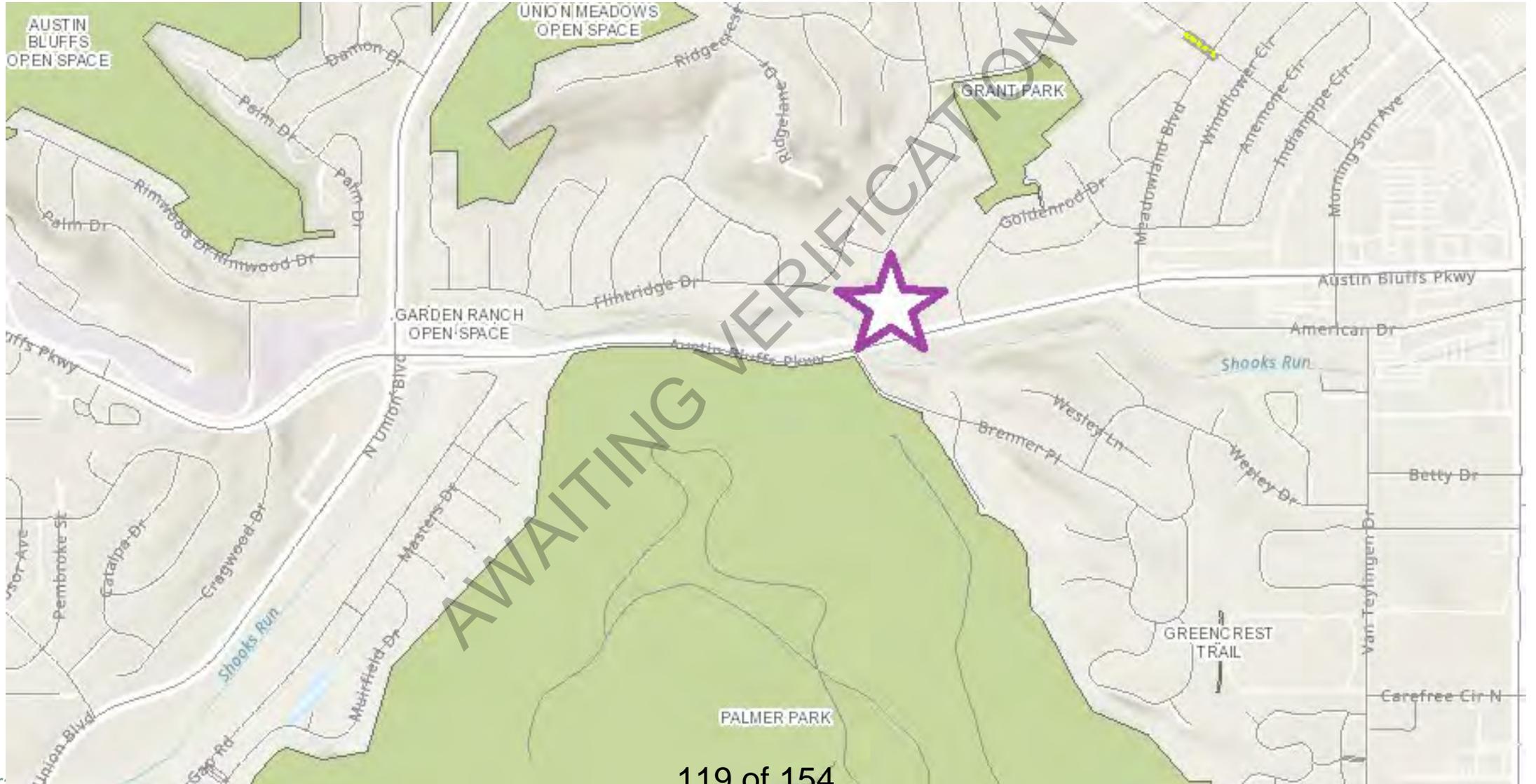
Jessica Davis
Land Resource Manager
June 21, 2023

Central Bluffs Substation Project

- Replacement of 3 aging substations
- Long-term O&M savings
- Ensure reliability of system
- Safety upgrades

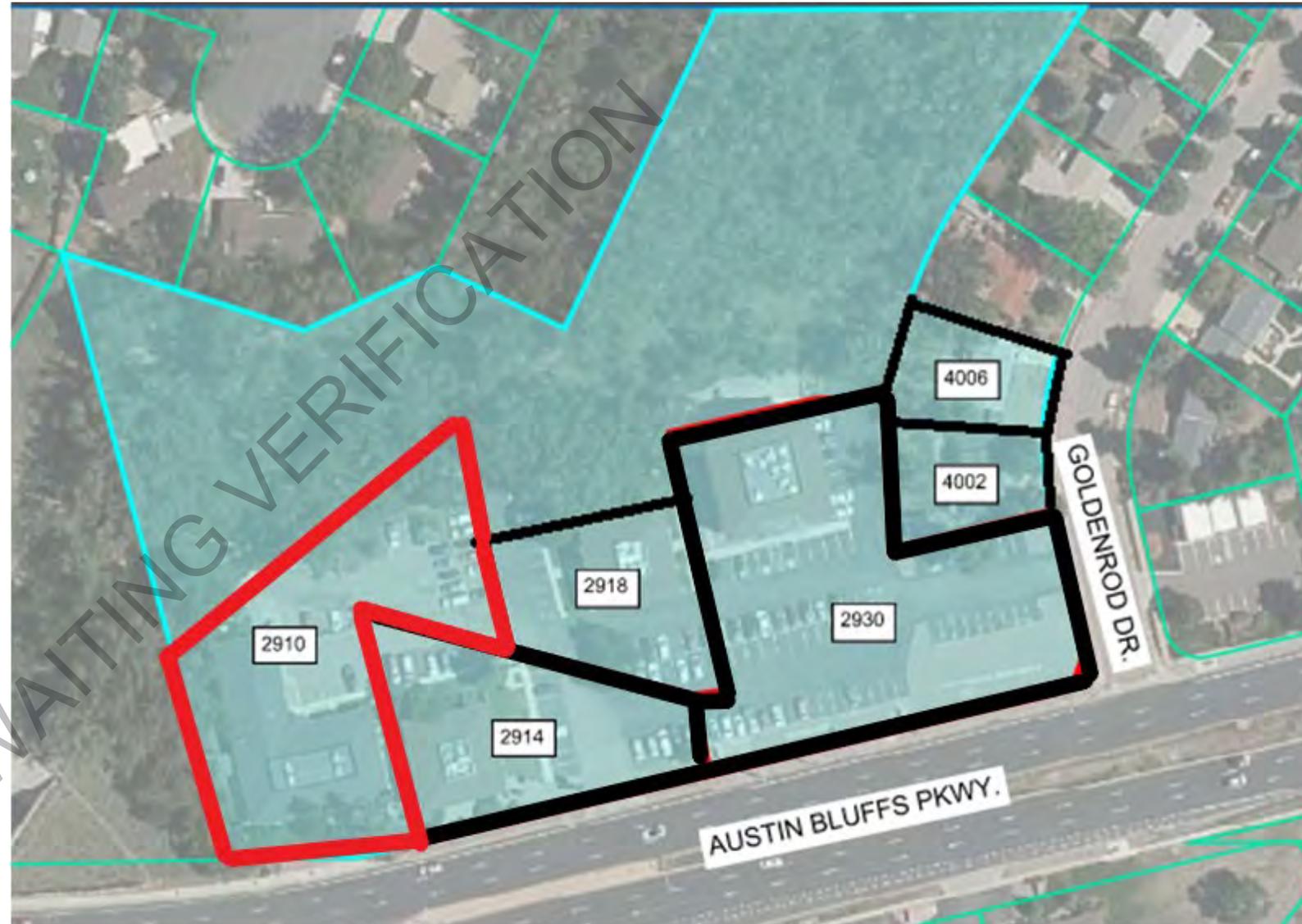


Vicinity Map



Central Bluffs Substation Site

- 7 Properties
 - Commercial
 - **2910 Austin Bluffs Pkwy**
 - **2914 Austin Bluffs Pkwy**
 - **2918 Austin Bluff Pkwy**
 - **2930 Austin Bluffs Pkwy**
 - Residential
 - **4002 Goldenrod Drive**
 - **4006 Goldenrod Drive**
 - Vacant Land
 - **2922 Austin Bluffs Pkwy**



Property – 2910 Austin Bluffs Parkway

- TSN: 6327206056
- Owner: JCJK Real Estate, LLC
- Appraisal: \$1,900,000
- Request approval for purchase price of \$2,150,000
- Close by Sept. 15, 2023

AWAITING VERIFICATION

Action Requested

- Request resolution be placed on the July 11, 2023 formal City Council agenda for consideration.

AWAITING VERIFICATION



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AWAITING VERIFICATION

A RESOLUTION AUTHORIZING THE ACQUISITION OF REAL PROPERTY OWNED LOCATED AT 2910 AUSTIN BLUFFS PARKWAY TO BE USED FOR THE CENTRAL BLUFFS SUBSTATION PROJECT

WHEREAS, certain real property owned by JCJK Real Estate, LLC (“Property Owner”) which is located at 2910 Austin Bluffs Parkway, Colorado Springs, Colorado, also known as El Paso County Tax Schedule Number 6327206056 in the records of the El Paso County Clerk and Recorder, El Paso County, Colorado, (the “Property”), has been identified as necessary for the Central Bluffs Substation Relocation Project (“Project”); and

WHEREAS, the City of Colorado Springs on behalf of its enterprise Colorado Springs Utilities (“Utilities”) desires to purchase and the Property Owner desires to sell the Property to the Utilities for a purchase price of \$2,150,000; and

WHEREAS, the \$2,150,000 purchase price for the Property is supported by a real estate appraisal conducted by an independent real estate appraiser; and

WHEREAS, the acquisition of the Property is in the public interest and is necessary for the Project; and

WHEREAS, pursuant to sections 4.1 and 9.6 of *The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021* (“Real Estate Manual”), City Council approval is required for acquisition of real property interests if the total acquisition amount exceeds \$100,000; and

WHEREAS, Utilities requests the approval of City Council to purchase the Property for a purchase price of \$2,150,000.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. That the City Council finds the acquisition of the Property to be in compliance with the Real Estate Manual, City Charter, City Code, and all other applicable laws.

Section 2. That in accord with the Real Estate Manual, the City Council hereby authorizes the acquisition of the Property for the purchase price of \$2,150,000.

Section 3. That the City’s Real Estate Services Manager is authorized to execute all documents necessary to complete the acquisition of the Property as contemplated herein.

DATED at Colorado Springs, Colorado, this _____ day of _____, 2023.

ATTEST:

Council President

Sarah B. Johnson, City Clerk

AWAITING VERIFICATION

Board Memo Agenda Item

Staff Report

Date: June 21, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Electric Integrated Resource (Clean Energy Plan) and Clean Heat Plans

NARRATIVE:

Desired Action: Approval

Executive Summary: Colorado Springs Utilities staff will present the changes to the 2020 Electric Integrated Resource Plan that will result in changes to the Clean Energy Plan as submitted in 2021. The presentation will show how Colorado Springs plans on implementing our energy portfolio that meets the requirement of 80% greenhouse gas emission reduction by 2030 while maintaining system reliability.

The Clean Heat Plan portfolios will be presented with a recommendation to utilize the cost cap methodology based on 2015 emission and revenue baseline for the approved portfolio.

Benefits: Reduce greenhouse gas emissions and meet state regulations.

Board Policy: I-6 Infrastructure, I-12 Environmental Stewardship

Cost/Budget: \$2.67M in 2024 and 2025 and \$3.34M in 2026-2030 for Clean Heat Plan
\$4 – 6B estimated net present value for Clean Energy Plan

Affected Parties: Colorado Springs Utilities' rate payers, environmental advocacy groups, disproportionately impacted communities, Colorado Energy Office, and other stakeholders.

Alternatives: N/A

Submitter: David Longrie	Email address: dlongrie@csu.org
Division/ Department: Systems Planning and Projects/ Energy Resource Planning & Innovation	Phone number: 719-668-8776
	Date submitted: June 2, 2023

SPG Staff Use Only: Consent Calendar	Yes	<input checked="" type="checkbox"/>	No
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ITEM NO. 14



Electric Integrated Resource Plan and Clean Heat Plan

David Longrie, Manager Energy Resource Planning and Innovation
Heather Tocci, Gas Resource Planner

Electric Integrated Resource Plan

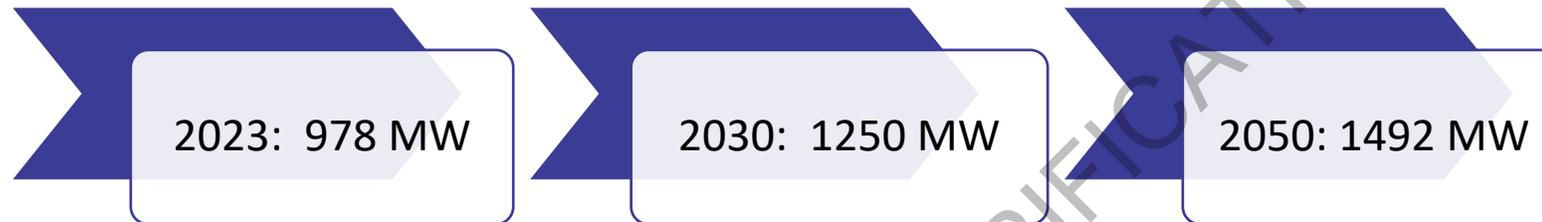
AWAITING VERIFICATION

Updated Planning Inputs

AWAITING VERIFICATION

Load Forecast

Increase in load forecast



Load increase

- Growth
- Electric Vehicles
- Air Conditioning

Load reduction

- Energy Efficiency
- Distributed Solar

Resource Adequacy

Planning Reserve Margin

Scenario	2026
Base Case	19.5%
Island Sensitivity	42.2%
Low Expected Forced Outage Rate (EFOR)	19.5%
Shaft Risk Sensitivity	19.2%

Effective Load Carry Capacity (ELCC)

Existing Portfolio Average ELCC

Technology	2026 ELCC	2030 ELCC
Solar	27.4%	25.2%
Wind	17.6%	17.0%
Storage	89.7%	89.7%

Incremental Portfolio Average

Technology	200 MW	400 MW	600 MW
Solar	11.0 %	10.7%	9.8%
Wind	17.6%	15.0%	12.0%
BESS	83.3%	55.4%	33.8%

Generation Resource Retirement Dates

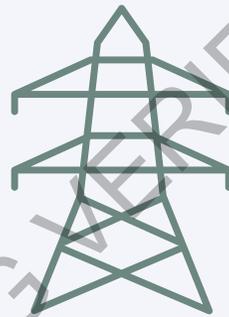
- 2025 – Birdsall 1 & 2 (32 MWs)
- 2027 – Birdsall 3 (22 MWs)
- 2029 – Nixon 1 (195 MWs)



Other Considerations



Gas Supply



Regional Transmission
Organization



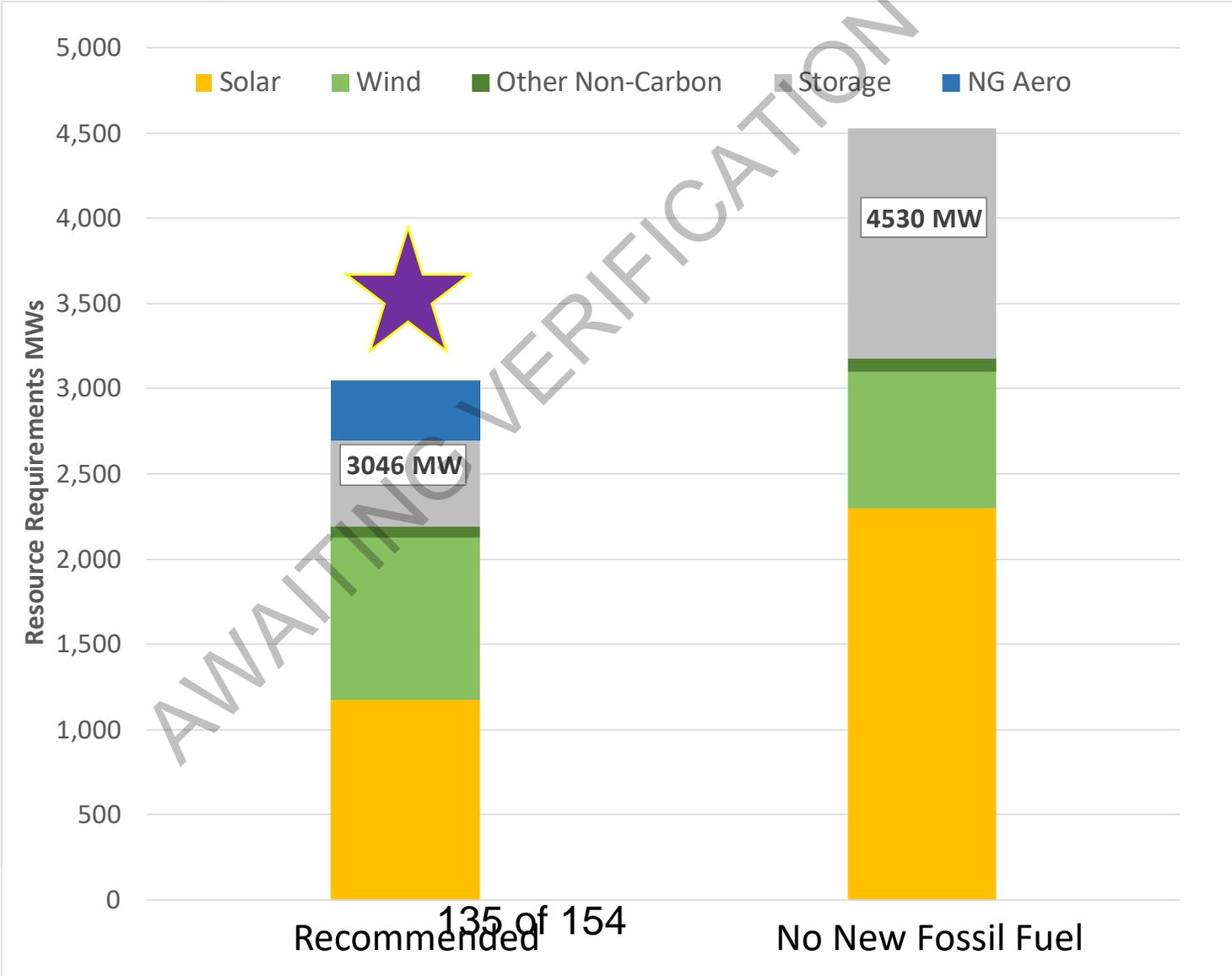
Advanced Utility
Infrastructure

AWAITING VERIFICATION

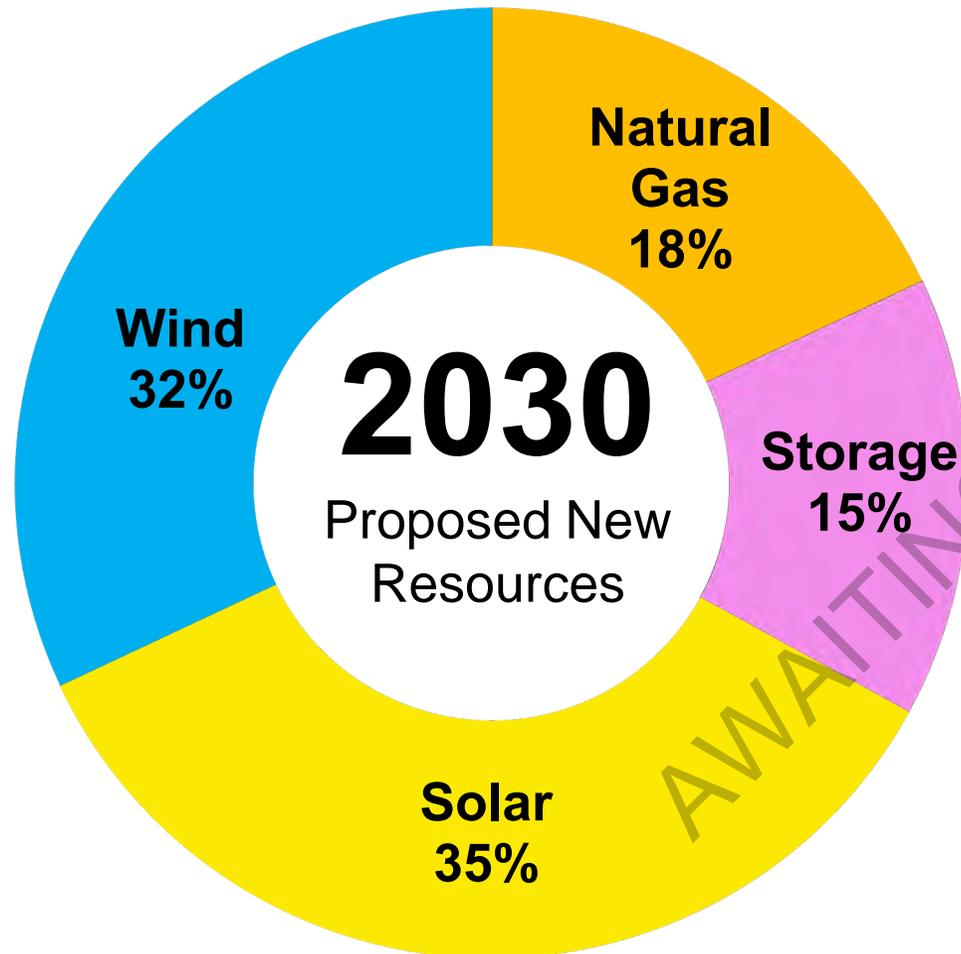
Updated Resource Acquisitions

New Resource Additions through 2050: Portfolio Comparison

 = Staff's recommendation



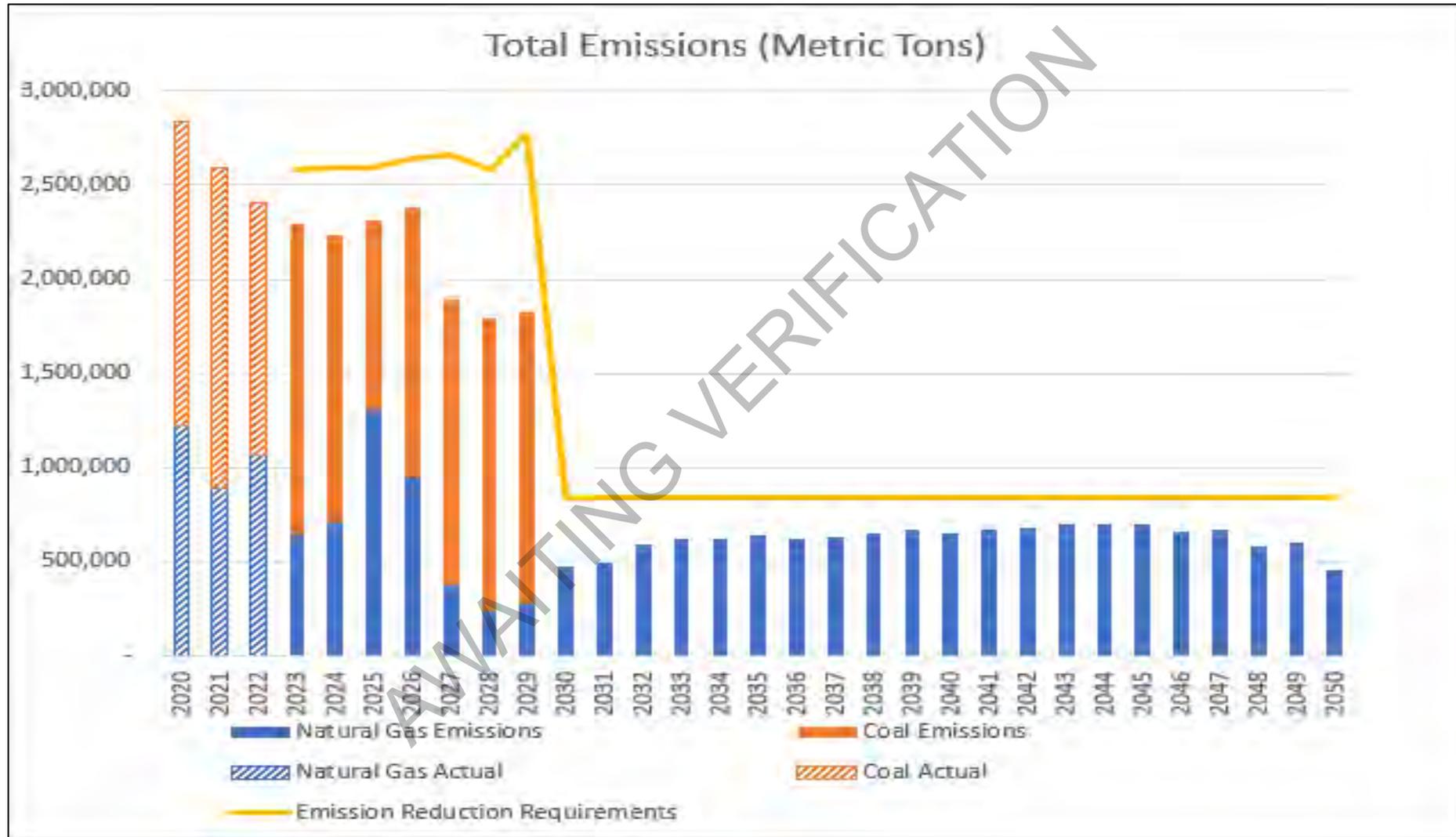
Proposed Additional Resources Available by 2030



a greener **FUTURE**

- 175 MW Solar Underway
- 200 MW Battery Storage Underway
- 525 MW Solar
- 100 MW Storage
- 625 MW Wind
- 350 MW Gas Generation

Emissions



Cost Allocation

Owned resources will be purchased with capital dollars

- Gas generators, substations, interconnection fees, transmission, and possibly storage

Purchased Power Agreements will be applied to the Electric Cost Adjustment

- Solar, wind, possibly storage, and other renewable resources

Recommended Action

- Approve Resolution approving Material changes to Colorado Springs Utilities' 2020 Electric Integrated Resource Plan

AWAITING VERIFICATION



Clean Heat Plan

AWAITING VERIFICATION

Recap

Senate Bill 21-264 – Clean Heat Plan (CHP)

- Requires municipal gas distribution utilities to develop, file, and receive approval of comprehensive clean heat plans designed to reduce greenhouse gas (GHG) emissions
- A municipal gas distribution utility is defined as a municipally owned utility that provides gas service to more than 90,000 customers
- Must meet requirements shown in Table 1
- Plan shall be submitted to the Air Pollution Control Division (Division) no later than August 1, 2023 for verification

Year	Target	Requirement
2025	4% reduction in GHG below 2015 levels	Cost cap 2% of total revenue from full-service gas customers
2030	22% reduction in GHG below 2015 levels	Cost cap 2.5% of total revenue from full-service gas customers

Table 1 – CHP Requirements

Public process

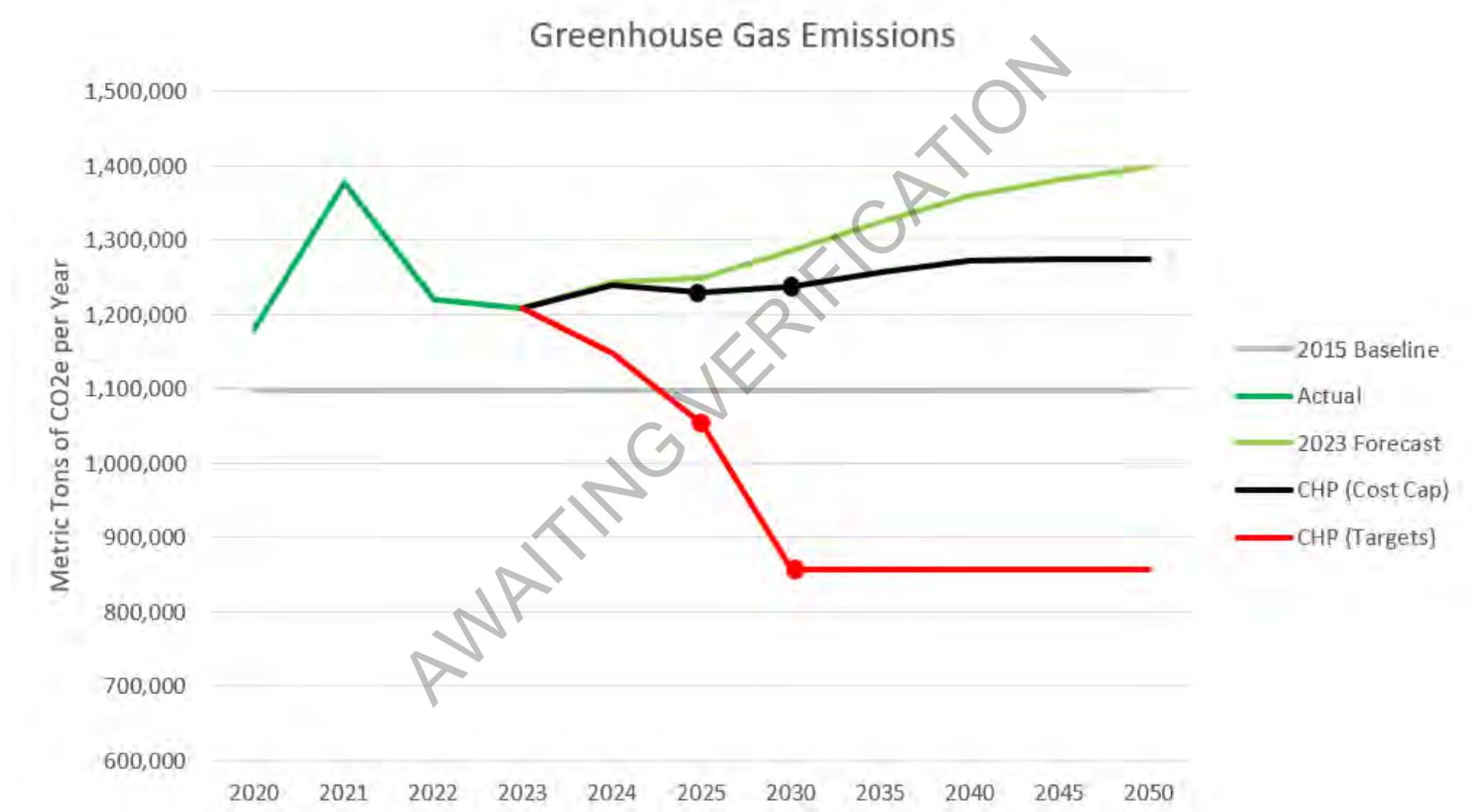
- January 30 – February 13, 2023, Behind the Meter Survey
- March 22, 2023, Utilities Board (UB) overview of the CHP
- May 8, 2023, public meeting -- Planning our Energy Future
- May 17, 2023, Utilities Board (UB) overview of the CHP and CHP Guidance Document
- June 21, 2023, Utilities Board (UB) approval of the CHP approach



Clean Heat Plan Portfolio Definitions

- **Forecast** – Gas use without CHP intervention
- **Cost Cap** – Using the 2%/2.5% to reduce carbon output in the most cost-effective methods possible while maintaining a robust collection of options to assist as many customers as possible
- **Target** – Meeting the targets of 4% in 2025 and 22% in 2030 assuming Utilities pays 100% of the install cost and maintains a 22% reduction in years after 2030

Estimated Greenhouse Gas Reductions



Additional Considerations

While these items are not considered approved portfolio options as part of the CHP, Utilities thought it would provide value to understand the effects of weather and population growth on gas usage.

- Weather Normalization
 - 2015 was warmer than a normal year, so gas usage was lower than normal
 - Weather normalization increases the baseline and targets
 - The increased baseline and targets will still not be met using the cost cap methodology
- Population Normalization
 - Colorado Springs has seen significant growth since 2015 and is expected to continue
 - Population normalization shows a continuous decrease in per customer gas usage since 2015
 - Cost cap decreases per customer use even further and shows continuous decrease through the foreseeable future
 - Cost cap reduces residential use by 5% from the 2015 baseline by 2025 and by 9% from the 2015 baseline by 2030

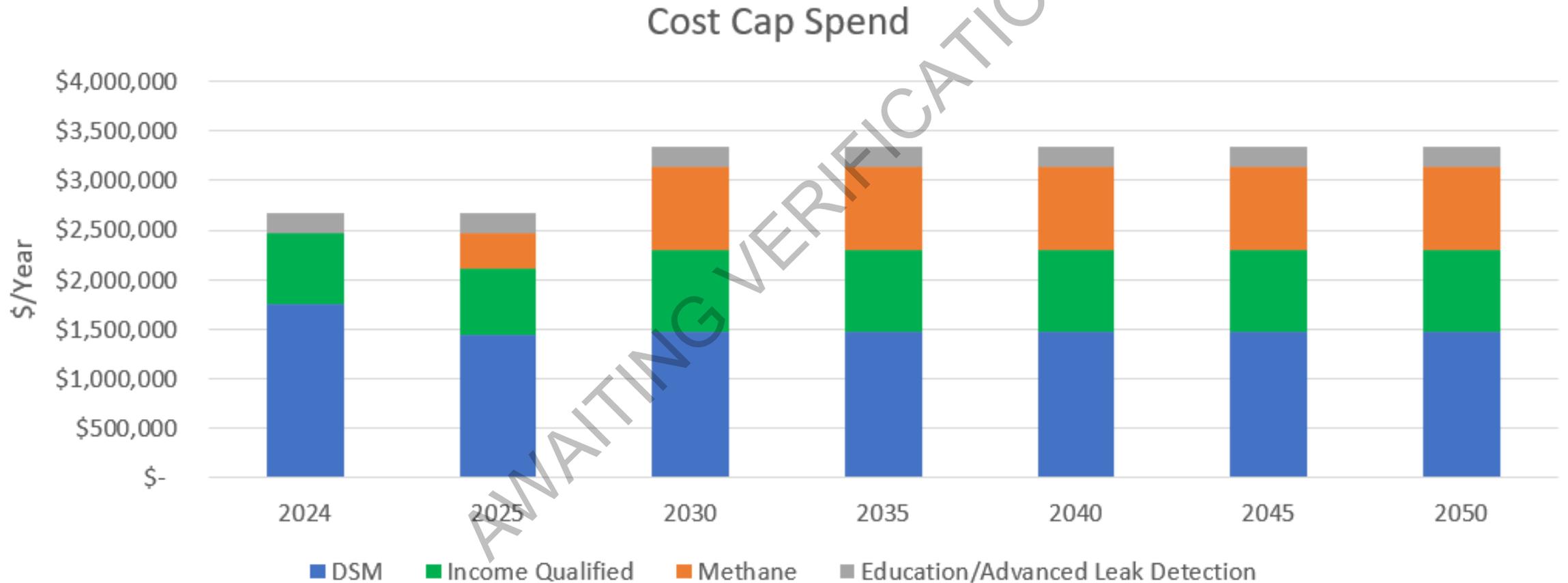
Summary

Year	Metric	Cost Cap	Target
2024-2025	CO2e Reductions (Metric Tons)	18,000	195,000
	Cost per Year	\$2.67 M	\$443 M
	Full Electrification Residential Home Equivalent (by the end of 2025)	4,000	45,000
2026-2030	CO2e Reductions (Metric Tons)	50,000	430,000
	Cost per Year	\$3.34 M	\$187 M
	Full Electrification Residential Home Equivalent (by the end of 2030)	12,000	100,000

2015 Baseline Use – 1,075,052 Metric Tons of CO2e

2022 Actual Use – 1,220,054 Metric Tons of CO2e

Cost Cap Expenditure Plan



Current GHG Reductions Tools Used in Workbooks

PROGRAM	DESCRIPTION
Demand Side Management (DSM)	
Builder Incentive Program (BIP)	Provides builders with incentives based on efficiency of the home and enhanced building techniques including electrification
Home Efficiency Assistance Program (HEAP)	Provides efficiency services to income qualified homeowners' homes, free to the customer
Energy Star Wi-Fi Thermostat	Provides rebates for purchasing an Energy Star Wi-Fi thermostat
Heating Ventilation and Air Conditioning (HVAC) Rebates	Provides rebates for purchasing an Energy Star natural gas furnace, Energy Star heat pump, or a cold climate heat pump
Insulation and Air Sealing	Provides rebates for upgrading insulation to current building standards and sealing any air gaps between conditioned and non-conditioned spaces
Water Heater	Provides rebates for purchasing an Energy Star natural gas water heater or a hybrid heat pump water heater
WaterSense Showerhead	A program for customers to exchange old, high-use showerheads with low-flow WaterSense showerheads
Recovered Methane	
Renewable Natural Gas	Methane recovered from feedlots and/or dairy farms in eastern Colorado (not available until 2025)

Recommended Action

- Approve Resolution approving Clean Heat Plan approach that implements the Cost Cap based on the 2015 emission and revenue baseline

AWAITING VERIFICATION



RESOLUTION NO. 23-08

A RESOLUTION APPROVING MATERIAL CHANGES TO
COLORADO SPRINGS UTILITIES' 2020 ELECTRIC
INTEGRATED RESOURCE PLAN

WHEREAS, the Colorado General Assembly passed S.B. 19-236 and H.B.19-1261 which recognize that it is a matter of statewide importance to promote the development of cost-effective clean energy and new technologies and reduce the carbon dioxide emissions from the Colorado electric generating system; and

WHEREAS, S.B. 19-236 defined a "Clean Energy Plan" in part as a plan filed by a qualifying retail utility as part of its electric resource plan to reduce the qualifying retail utility's carbon dioxide emissions associated with electricity sales to the qualifying retail utility's electricity customers by eighty percent from 2005 levels by 2030; and

WHEREAS, S.B. 19-236 stated that a municipal utility (which is not classified as a qualifying retail utility) may voluntarily file a Clean Energy Plan by July 1, 2022; and

WHEREAS, H.B. 19-1261 provided that the Colorado Air Quality Control Commission (AQCC) shall not mandate any further emissions reductions by 2030 than are required under an approved Clean Energy Plan, or impose any direct, non-administrative cost on the public utility directly associated with quantities of greenhouse gas emissions caused by the utility's Colorado retail electricity sales that remain after the reductions are achieved and the Colorado Air Pollution Control Division (APCD) has verified those reductions; and

WHEREAS, the Colorado General Assembly also adopted H.B. 21-1266, which established additional procedural steps for filing a voluntary Clean Energy Plan; and

WHEREAS, Colorado Springs Utilities, an enterprise of the City of Colorado Springs, Colorado, a Colorado home rule city and municipal corporation (Utilities) provides electric service to its ratepayers; and

WHEREAS, Utilities considered the requirements of S.B. 19-236 and H.B. 19-1261 in developing its Electric Integrated Resource Planning process, which such process concluded with the approval by the Utilities Board of Directors of Utilities' current Electric Integrated Resource Plan on June 26, 2020; and

WHEREAS, though Utilities' Electric Integrated Resource Plan establishes Utilities' expected plan and strategy for its energy resource mix, Utilities' actual energy mix is the product of and takes into consideration a variety of factors including, but not limited to, legal and regulatory requirements (including required permits and related approvals), actual operational needs for resiliency and reliability, availability of energy resources (including non-carbon resources), and energy market conditions; and

WHEREAS, Utilities filed a written Notice of Intent to File a Clean Energy Plan with the Colorado Air Pollution Control Division (the "Division") on August 1, 2021; and

WHEREAS, on December 17, 2021, Utilities filed its Clean Energy Plan Workbook with the Division including all information requested by the Division, so that the Division could evaluate and verify the emissions reductions claimed through the year 2030; and

WHEREAS, in April 2022, the Division issued to Utilities its Clean Energy Plan Verification Report; and

WHEREAS, pursuant to Resolution No. 22-02, the Utilities Board unanimously approved Utilities' Final Verified Clean Energy Plan on May 18, 2022; and

WHEREAS, pursuant to Resolution No. 22-04, the Utilities Board further authorized and directed Utilities' Chief Executive Officer (as already contemplated by the Colorado Springs City Code and Utilities Board policy governance and subject to Utilities' need to ensure the safety, reliability, and resiliency of Utilities' electric grid) to proceed with obtaining and implementing the energy resources needed to meet the emissions reductions contemplated in Utilities' Clean Energy Plan and to make all modifications to such energy resources needed to ensure that Utilities' Clean Energy Plan remains in the public interest; and

WHEREAS, due to actual operational needs for resiliency and reliability, availability of energy resources (including non-carbon resources), and energy market conditions, Utilities must obtain and implement energy resources that are materially different from the approved Electric Integrated Resource Plan; and

WHEREAS, Utilities has prepared an update to its approved 2020 Electric Integrated Resource Plan to address the need for material changes to the energy resources to be obtained and implemented to serve Utilities' energy customers and to meet the emissions reductions contemplated in Utilities' Clean Energy Plan; and

WHEREAS, the proposed update to the approved 2020 Electric Integrated Resource Plan has been vetted through a robust public process.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF COLORADO SPRINGS UTILITIES:

Section 1. The Colorado Springs Utilities Board of Directors hereby approves the update to the approved 2020 Electric Integrated Resource Plan and authorizes and directs Utilities' Chief Executive Officer to proceed with implementing the update and to

make all modifications to such energy resources needed to ensure Utilities' Clean Energy Plan remains in the public interest.

Section 2. This Resolution shall take effect as of the date and time of its approval.

DATED at Colorado Springs, Colorado, this 21st day of June, 2023.

Dave Donelson, Utilities Board Chair

ATTEST:

Travas Deal, Secretary

AWAITING VERIFICATION

RESOLUTION NO. 23-07

A RESOLUTION APPROVING THE METHODOLOGY FOR
FULFILLING THE “CLEAN HEAT PLAN” REQUIREMENTS
OF S.B. 21-264

WHEREAS, the Colorado General Assembly passed S.B. 21-264 (the Bill) which recognizes that to achieve Colorado’s science-based greenhouse gas emission reduction goals, Colorado must reduce this pollution from all sectors of the economy, including the built environment; and

WHEREAS, the Bill focuses on the significant sources of greenhouse gas pollution that come from the use of natural gas to heat space and water in Colorado’s homes and businesses, the use of natural gas in commercial and industrial processes, and gas leaks in the distribution system; and

WHEREAS, Colorado Springs Utilities (Utilities), an enterprise of the City of Colorado Springs, Colorado, which is a Colorado home rule city and municipal corporation, distributes natural gas to more than ninety thousand customers and as such is a “municipal gas distribution utility” under the Bill; and

WHEREAS, the Bill requires a municipal gas distribution utility to implement a Clean Heat Plan and it further requires a municipal gas distribution utility to submit its Clean Heat Plan to the Air Pollution Control Division (Division) of the Colorado Department of Public Health and Environment for verification by August 1, 2023; and

WHEREAS, the Bill defines a “Clean Heat Plan” in part as a plan submitted by a gas distribution utility or municipal gas distribution utility that demonstrates projected reductions in methane and carbon dioxide emissions that, together, meet the required reductions targets, with the lowest reasonable expenditure; and

WHEREAS, the Bill’s target greenhouse gas reductions are for Utilities to achieve a 4% reduction below 2015 levels by 2025 and a 22% reduction below 2015 levels by 2030; and

WHEREAS, the Bill provides a cost cap for achieving those reductions at 2% of the total revenue from full-service gas customers for the 2025 target and at 2.5% of the total revenue from full service gas customers for the 2030 target; and

WHEREAS, Utilities reviewed the Bill’s requirements, analyzed clean heat resources, and developed two portfolios of resources applying two different methodologies that fulfill the Bill’s requirements: one that applies the cost cap and one that does not apply the cost cap; and

WHEREAS, Utilities has engaged in a robust public process to solicit feedback from ratepayers and other stakeholders regarding Utilities' proposed Clean Heat Plan and the two methodologies considered to create the proposed Clean Heat Plan portfolio; and

WHEREAS, the Utilities Board has reviewed the methodologies and the proposed Clean Heat Plan portfolios based on the two methodologies; and

WHEREAS, the methodology that does not apply a cost cap would result in significant increased costs to Utilities' ratepayers.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF COLORADO SPRINGS UTILITIES:

Section 1. The Colorado Springs Utilities Board of Directors hereby approves the methodology used to create a portfolio which fulfills the requirements of the Bill and applies the cost cap, based on the 2015 emission and revenue baseline. The Utilities Board acknowledges that it is within the Utilities Chief Executive Officer's authority to implement the Clean Heat Plan, which incorporates the cost cap methodology.

Section 2. This Resolution shall take effect as of the date and time of its approval.

DATED at Colorado Springs, Colorado, this 21st day of June, 2023.

Dave Donelson, Utilities Board Chair

ATTEST:

Travas Deal, Secretary

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, June 21, 2023

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Dave Donelson, Vice Chair Mike O'Malley, Randy Helms, Nancy Henjum, Yolanda Avila, Lynette Crow-Iverson, David Leinweber, Brian Risley and Michelle Talarico

Staff members present via Microsoft Teams or Blue River Conference Room: Travas Deal, Tristan Gearhart, Renee Adams, Somer Mese, Mike Francolino, Natalie Watts, Charlie Cassidy, Andie Buhl, Katie Garrett, David Longrie, Abby Ortega, Adam Hegstrom, Jennifer Alecci, Jessica Davis, Scott Shirola, Bryan English, Bill Davis, Andy Kingery, Nash Ponce, Klint Evans, Matt Bolin, Raul Romero, Cody Solberg, Michael Gudahl, Chris Graves and Joel Trenado

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Alex Ryden, Renee Congdon, Jamie Fabos, Chris Bidlack, Jackie Rowland, David Beckett and Peter Wysocki

Citizens present via Microsoft Teams or Blue River Conference Room: Robi Chadborne, Mike Ruebenson, Scott Shaver and Josh Benninghoff

1. Call to Order

Chair Donelson called the Utilities Board meeting to order at 1:00 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Robi Chadborne from Woodmen Valley Chapel delivered the invocation and Vice Chair O'Malley led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Utilities Board Meeting Minutes: May 17, 2023

Vice Chair O'Malley moved approval of the Consent Calendar and Board Member Crow-Iverson seconded the motion. The Consent Calendar was unanimously approved.

4. Recognition

Fort Carson Intergovernmental Support Agreement (IGSA)

Ms. Jennifer Alecci, Energy Contractor Operations Maintenance Manager, provided background information about the Fort Carson IGSA. She said its scope comprises of

operating, maintaining, and repairing Fort Carson electric and gas distribution systems, streetlights, and water cathodic protection. She said Springs Utilities provides 24/7 emergency response and completes pre-approved corrective maintenance projects – all of which provides Springs Utilities the unique opportunity to work in a new environment.

Ms. Alecci reviewed first year priorities and key learnings and successes. She also explained emergency response and maintenance completed at Fort Carson. Mr. Charles Cassidy, Operations General Manager, expressed appreciation for Ms. Alecci and her team's work bringing the best utilities practices to Fort Carson.

Board Members thanked Ms. Alecci and Mr. Cassidy for their hard work on this agreement.

5. Customer Comments

There were none.

6. Compliance Reports

- Balanced Scorecard Audit
- E-2 CEO Responsibilities
 - Water Outlook

Ms. Katie Garrett, Engineer III – Water Conveyance, discussed local weather conditions as of May 31, 2023, and the U.S. drought monitor, which shows abnormally dry conditions across some portions of eastern and western Colorado, with most areas of the state free from drought. She said the snowpack in the Arkansas River Basin is 856% of normal as of June 19 and the snowpack in the Colorado River Basin is 1,734% of normal as of June 19.

Ms. Garrett said the statewide SNOTEL (SNOWpack TELEmetry) map shows that watersheds in Colorado are above normal snow water equivalent except for the South Platte and Gunnison River basins where no data is available. She explained that the June 1 yield forecast predicts 107% of average yield from Colorado Springs' water collection systems this year. Ms. Garrett said water demand in May averaged 65.2 million gallons per day, which was 20% less than last year. Ms. Garrett reviewed the 2023 actual consumption graph, which shows the effect of precipitation on water use with a noticeable drop in consumption beginning in May and continuing through June 18. She said the total year to date (June 18) consumption is 8.40 billion gallons, which is below the near-term average of 9.36 billion gallons.

Ms. Garrett reviewed monthly water use for May 2023 with a total water use of about 2 billion gallons. She also discussed Colorado Springs' system wide storage is about 222,500 acre-feet, or 85.9% of capacity. This is above the shorter-term (2001-2022) average of 75.2% for this time of year. She said Colorado Springs' system-wide storage was about 204,000 acre-feet on May 31, or 78.7% of capacity, which is above the

longer-term (1991-2021) average of 76% for this time of year. This equates to about 2.9 years of demand in storage.

7. Items Called Off Consent Calendar

There were none.

8. Amara Annexation Application of Water Extension Ordinance

Mr. Bryan English, Project Manager III, said Ordinance No. 23-03 passed on Feb. 14, 2023, and was codified as City Code section 12.4.305. This requires the Utilities Board to recommend and City Council to approve to extend the water service boundary. He said it does not apply to in-City development or areas already receiving City water service. Mr. English said approval must be based on substantiated and written record demonstrating one of the following:

- B. 1. 128% of existing water usage* plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous
 - or -
2. A unique and extraordinary event or circumstance necessitates an extension of water services to serve critical interests of the City;
 - or -
3. The area is an enclave, or the area is owned or leased by the City, or the extension will have a de minimis impact on the overall City's available water supply.

**Calculated using a five-year rolling average of unrestricted weather normalized usage data.*

Mr. English reviewed Springs Utilities' application of ordinance language and overall calculations process. He gave overviews of the Amara development, annexation petition status and application of the Water Extension Ordinance. He also reviewed the Amara annexation exhibit, annexation agreement and conditions for annexation.

Mr. English concluded with Springs Utilities capital cost for Amara capacity (as submitted in 2022, based on the current annexation agreement) and next steps.

The Utilities Board took a break at 2:31 p.m. and returned at 2:43 p.m.

Chair Donelson made a motion to recommend approval of the extension of the water service boundary under City Code section 12.4.305 to include the Amara series of annexations, subject to the condition that the annexation plats be resubmitted to City Planning demonstrating 25% contiguity with the City's existing boundary. Board Member Leinweber seconded the motion.

Citizen Comment:

Mr. Mike Ruebenson, La Plata Chief Operating Officer, clarified the reasoning for Amara's platted 25% contiguity. He said the application was submitted and accepted in November 2021.

Mr. Peter Wysocki, City Planning and Commercial Development Director, further explained the Amara annexation exhibit map.

Ms. Buhl polled the Utilities Board members on the motion made by Chair Donelson and seconded by Board Member Leinweber. Board Members Avila, Donelson, Henjum, Leinweber, Risley and Talarico voted in favor with Board Members Crowlerson, Helms and Vice Chair O'Malley voted against. It passed with a 6-3 vote.

9. Outside City Request for Water/Wastewater Service – 5290 Turquoise Drive

Mr. Bryan English, Project Manager III, said owners of 5290 Turquoise Dr. have requested Springs Utilities' water service for single-family residential use. He said the property is currently served by a well and Springs Utilities provides natural gas and electric service to the property and enclave. He reviewed the provision of water/wastewater service as well as the water service extension ordinance.

Mr. English discussed Springs Utilities' considerations 7.6.210 and agreement to annex. He concluded with next steps, and the Utilities Board agreed to put this item on consent at the July 25, 2023, City Council meeting.

10. 2023AB Bond Ordinance

Mr. Adam Hegstrom, Treasury and Finance Manager, reviewed the 2023 Plan of Finance regarding the 2023AB Bond Ordinance. He said the Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Colorado Springs Utilities' capital needs. He said the Plan of Finance is critical to the Utilities Board's strategic focus on rates and its core tenets are prudence, efficiency and flexibility.

Mr. Hegstrom said collectively, the Plan of Finance is executed by Springs Utilities leadership, planning and finance staff, key advisors (financial advisor and bond counsel), and key banking partners and counterparties. He reviewed and discussed each key objective:

1. New Money Debt Issuance: 2023As
 - a. Support Springs Utilities' operations by funding the debt-backed portion of the enterprise's future capital plan
 - b. Enterprise Need:
 - i. Estimated \$432 million in total capital spend between September 2023 and September 2024
 - c. Anticipated Actions:
 - i. Issue new money debt in August 2023
 - d. Anticipated Issuance Details:
 - i. Current Estimated - \$225 million (proceeds)
 - ii. Ordinance Ceiling - \$250 million
 - iii. More clarity in coming months surrounding 2024 Annual Operating Plan/Capital Plan

- iv. Effective balance between cash and debt to optimize financial metric performance
 - e. Structure:
 - i. Traditional tax exempt fixed-rate debt
 - ii. Maturity-by-maturity optimization near issuance date
 - f. Market Update:
 - i. Interest rates are roughly unchanged since last issuance
 - ii. However, the yield curve has shifted greatly
 - iii. Inflation is still above the Federal Reserve's target range
 - iv. Municipal supply has dropped dramatically
 - v. Investor flows have stabilized after large outflows in 2022
 - vi. To best match short-term market supply and demand/liquidity, pricing date has been accelerated to mid -August
- 2. Refunding Debt Issuance: 2023Bs
 - a. Manage and optimize Springs Utilities' current debt portfolio
 - i. \$1.78 billion in outstanding fixed rate bonds
 - ii. Vast majority can be refinanced 10 years after issuance if interest rate economics are favorable
 - b. Anticipated Actions:
 - i. Issue a current refunding transaction in August to refinance all/parts of the 2013A, 2013B-1, and 2013B-2 issuance
- 3. Procure and manage debt-supporting instruments and ancillary services
- 4. Industry and Investor Relationships
 - a. Manage Springs Utilities' financial reputation and industry relationships to ensure market access
 - b. JP Morgan Investor Conference
 - i. Presentation to ~50 institutional investors on the state of Colorado Springs Utilities and our credit
 - ii. Q&A meetings with interested portfolio managers and analysts
 - c. Underwriter Pool Selection
 - i. Competitive process from 12 banks
 - ii. Six chosen for pool for an anticipated five-year term
 - iii. Team selected for 2023AB issuance:
 - iv. Senior Manager - Goldman Sachs
 - v. Co-Managers - Bank of America, Morgan Stanley, and Piper Sandler
 - d. Credit Rating Agencies
 - i. Currently preparing messaging materials for upcoming rating agency meetings
 - ii. Site tours included
 - iii. Anticipated topics of interest to address:
 - 1. Fuel price volatility management
 - 2. Funding of large future capital programs
 - 3. Environmental regulation
 - 4. Colorado River Compact implications
 - 5. Major project highlights

6. Inflation and supply chain impacts

Short- and long-term financial planning processes

Mr. Hegstrom concluded with next steps. The Utilities Board agreed to put this item on Regular Business at the June 27, 2023 City Council meeting.

11. Fuel Related Rates Filing

Mr. Scott Shirola, Pricing and Rates Manager, explained non-fuel (base) and fuel related rates for electric and natural gas. He reviewed the three types of fuel-related costs:

1. Energy cost: Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA)
 - Energy costs are variable and driven by price fluctuations in the coal, natural gas and purchase power market
 - Monitored monthly and adjusted quarterly
2. Capacity cost: Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC)
 - Capacity costs are primarily fixed based on contracted/reserved transmission capacity
 - Reviewed and adjusted annually
3. Two-part fuel rate composition
 - Part one: Forecasted expense for the period the rate will be in effect
 - Part two: True-up of over/under collected cost over 12 or 24-month period

Mr. Shirola provided natural gas prices as of June 1, 2023, and highlighted prices during the heating season (November – March). Mr. Alex Baird, Portfolio Management Manager, further explained natural gas prices from an energy market perspective. Mr. Shirola concluded with ECA, GCA, ECC and GCC projections for June 2023. He reviewed sample bills based on the proposed effective date of July 1, 2023 and financial assistance programs for customers.

Mr. Shirola concluded with next steps, and the Utilities Board agreed to postpone the ECA rate change and put the remaining items on Regular Business at the June 27, 2023 City Council meeting.

The Utilities Board took a break at 3:48 p.m. and returned at 3:54 p.m.

12. A Resolution Finding a Public Purpose in a Lease for Less Than Fair Market Value to the State of Colorado

Ms. Jessica Davis, Information Technology Manager, provided background information and reviewed the proposal, which is to continue the existing partnership with Trinidad State Junior College and lease a portion of Pinello Ranch to Trinidad State Junior College. She reviewed the benefits, which are:

- Excellent pool of electric lineworkers for Colorado Springs Utilities and other regional utilities
- Well-paying jobs (for non-college degreed individuals and veterans seeking a career or new career path)

- Local candidates, local training, local benefits – community
- 90% successful placement in lineman industry
- Classroom and training facilities in one location
- Long-term use of property benefits the community
- Commitment for the College, City Council Utilities Board and Community
- Recruits from region most likely to stay in region

Ms. Davis concluded with next steps, and the Utilities Board agreed to put this item on Consent at the July 11, 2023, City Council meeting.

13. A Resolution Authorizing the Acquisition of Real Property to be Used for the Central Bluffs Substation Project

Ms. Davis said the Central Bluffs Substation Project will combine three aging substations into one. She said the benefits of this project include long-term operations and maintenance (O&M) savings, system reliability and safety upgrades. She said there are seven total properties that Springs Utilities is purchasing for the Central Bluffs Substation Project.

Ms. Davis reviewed details of the property acquisitions for one of the sites: 2910 Austin Bluffs Parkway. She concluded with next steps, and the Utilities Board agreed to put this item on consent at the July 11, 2023, City Council meeting.

14. Electric Integrated Resource Plan (EIRP, Clean Energy Plan) and Clean Heat Plans (CHP)

Mr. David Longrie, Engineering Manager, reviewed the energy load forecast and resource adequacy including the planning reserve margin and effective load carry capacity (ELCC). He provided generation resource retirement dates and explained other considerations – specifically gas supply, regional transmission organization and advanced utility infrastructure.

Mr. Longrie explained new resource additions through 2050: portfolio comparison of recommended portfolio (solar, wind, other non-carbon, storage, and natural gas aero) vs. no new fossil fuel. He also explained the proposed additional resources available by 2030:

- 175 MW solar underway
- 200 MW battery storage underway
- 525 MW solar
- 100 MW storage
- 625 MW wind
- 350 MW gas generation

Mr. Longrie reviewed future total emissions and cost allocations:

- Owned resources will be purchased with capital dollars - Gas generators, substations, interconnection fees, transmission, and possibly storage

- Purchased Power Agreements (PPAs) will be applied to the Electric Cost Adjustment - Solar, wind, possibly storage, and other renewable resources

Mr. Longrie concluded with next steps. Board Member Henjum moved approval of the resolution outlining the revised EIRP and Board Member Talarico seconded the motion. The resolution was unanimously approved.

Ms. Heather Tocci, Engineer III, provided a recap of the Clean Heat Plan. She reviewed the public process for the CHP and explained the portfolio definitions:

- Forecast – Gas use without CHP intervention
- Cost Cap – Using the 2%/2.5% to reduce carbon output in the most cost-effective methods possible while maintaining a robust collection of options to assist as many customers as possible
- Target – Meeting the targets of 4% in 2025 and 22% in 2030, assuming Colorado Springs Utilities pays 100% of the install cost and maintains a 22% reduction in years after 2030

Ms. Tocci reviewed estimated greenhouse gas reductions and additional considerations (portfolios). She summarized what the portfolios showed, and the cost cap expenditure plan. She also discussed current greenhouse gas (GHG) reduction tools used in workbooks and concluded with next steps.

Board Member Henjum moved approval of the resolution outlining the CHP and Board Member Talarico seconded the motion. The resolution was unanimously approved.

15. Board Member Updates

Board Member Helms applauded the success of the Western Street Breakfast which took place earlier in the day in downtown Colorado Springs.

Board Member Henjum recognized the dedication of renovating the 1930s lamp posts in the Old North End neighborhood and expressed appreciation for Springs Utilities' employees for supporting this effort. She also expressed concerns about the immense rainfall Colorado continues to receive and how it impacts water revenue at Springs Utilities.

Board Member Risley expressed concerns about the annexation and water ordinance processes, and explained how he plans to improve both.

Board Member Talarico echoed Board Member Risley's comments.

Vice Chair O'Malley resigned his position as Vice Chair.

Chair Donelson expressed how important it is to keep the City Attorney's Office in the conversation when discussing difficult topics. He said he appreciates all Board Members' input and patience.

Mr. Travas Deal, Chief Executive Officer, provided a safety update about storms in the area.

16. Summary of Board Actions

There were none.

17. Executive Session

Ms. Renee Congdon, City Attorney Division Chief – Utilities, read the following language to enter Executive Session.

In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Law, C.R.S. § 24-6-402(4)(b) and Utilities Board Bylaws Rules 10(c)(2), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session on one issue. The issue to be discussed involves conferences with the City Attorney's Office and outside counsel for the purpose of receiving legal advice on specific legal questions.

The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

Ms. Congdon called the roll and polled the Utilities Board. They voted 6 to 0 to enter Executive Session, with Board Member Avila, Board Member O'Malley and Board Member Leinweber excused. They took a break at 4:37 p.m. and entered Executive Session at 4:49 p.m. They returned to Open Session at 5:18 p.m.

18. Adjournment

The meeting adjourned at 5:21 p.m.

RESOLUTION NO. 23-07

A RESOLUTION APPROVING THE METHODOLOGY FOR
FULFILLING THE "CLEAN HEAT PLAN" REQUIREMENTS
OF S.B. 21-264

WHEREAS, the Colorado General Assembly passed S.B. 21-264 (the Bill) which recognizes that to achieve Colorado's science-based greenhouse gas emission reduction goals, Colorado must reduce this pollution from all sectors of the economy, including the built environment; and

WHEREAS, the Bill focuses on the significant sources of greenhouse gas pollution that come from the use of natural gas to heat space and water in Colorado's homes and businesses, the use of natural gas in commercial and industrial processes, and gas leaks in the distribution system; and

WHEREAS, Colorado Springs Utilities (Utilities), an enterprise of the City of Colorado Springs, Colorado, which is a Colorado home rule city and municipal corporation, distributes natural gas to more than ninety thousand customers and as such is a "municipal gas distribution utility" under the Bill; and

WHEREAS, the Bill requires a municipal gas distribution utility to implement a Clean Heat Plan and it further requires a municipal gas distribution utility to submit its Clean Heat Plan to the Air Pollution Control Division (Division) of the Colorado Department of Public Health and Environment for verification by August 1, 2023; and

WHEREAS, the Bill defines a "Clean Heat Plan" in part as a plan submitted by a gas distribution utility or municipal gas distribution utility that demonstrates projected reductions in methane and carbon dioxide emissions that, together, meet the required reductions targets, with the lowest reasonable expenditure; and

WHEREAS, the Bill's target greenhouse gas reductions are for Utilities to achieve a 4% reduction below 2015 levels by 2025 and a 22% reduction below 2015 levels by 2030; and

WHEREAS, the Bill provides a cost cap for achieving those reductions at 2% of the total revenue from full-service gas customers for the 2025 target and at 2.5% of the total revenue from full service gas customers for the 2030 target; and

WHEREAS, Utilities reviewed the Bill's requirements, analyzed clean heat resources, and developed two portfolios of resources applying two different methodologies that fulfill the Bill's requirements: one that applies the cost cap and one that does not apply the cost cap; and

WHEREAS, Utilities has engaged in a robust public process to solicit feedback from ratepayers and other stakeholders regarding Utilities' proposed Clean Heat Plan and the two methodologies considered to create the proposed Clean Heat Plan portfolio; and

WHEREAS, the Utilities Board has reviewed the methodologies and the proposed Clean Heat Plan portfolios based on the two methodologies; and

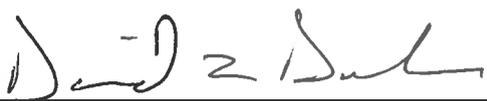
WHEREAS, the methodology that does not apply a cost cap would result in significant increased costs to Utilities' ratepayers.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF COLORADO SPRINGS UTILITIES:

Section 1. The Colorado Springs Utilities Board of Directors hereby approves the methodology used to create a portfolio which fulfills the requirements of the Bill and applies the cost cap, based on the 2015 emission and revenue baseline. The Utilities Board acknowledges that it is within the Utilities Chief Executive Officer's authority to implement the Clean Heat Plan, which incorporates the cost cap methodology.

Section 2. This Resolution shall take effect as of the date and time of its approval.

DATED at Colorado Springs, Colorado, this 21st day of June, 2023.



Dave Donelson, Utilities Board Chair

ATTEST:



Travas Deal, Secretary