COLORADO SPRINGS UTILITIES BOARD
MS Teams and Blue River Board Room
Plaza of the Rockies
121 S. Tejon Street
South Tower, 5th Floor

AGENDA
Wednesday, July 22, 2026
1:00 p.m. – 5:00 p.m.
Join the meeting now
Dial-in by phone
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1:00 p.m.	**1.**	**Call to Order**	Chair Donelson
1:05 p.m.	**2.**	**Invocation and Pledge of Allegiance**	Chair Donelson
1:10 p.m.	**3.**	**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)(a) and (b) and Utilities Board Bylaws Rules 10(c)(1) and (2), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session on two issues. The first issue to be discussed involves conferences with the City Attorney's Office and outside legal counsel for the purpose of receiving legal advice on bond disclosures. The second issue to be discussed involves the acquisition of certain water rights from the Public Service Company of Colorado. 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 If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.	Renee Congdon, Utilities Division Chief, Office of the City Attorney
2:25 p.m.	**4.**	**Consent Agenda** These items will be acted upon as a whole unless a specific item is called for discussion by a Board Member or a customer wishing to address the Utilities Board. (Any items called up for separate consideration shall be acted upon following Compliance Reports.) • **Approval of June 15, 2026, Working Committee meeting minutes**	Chair Donelson

- **Approval of June 17, 2026, Utilities Board meeting minutes**
- **Resolution of Support of Somer Mese for Appointment to the Southeastern Colorado Water Conservancy District Board of Directors**

2:30 p.m.	**5. Recognition** • A Resolution Honoring the Life and Service of Keith Ainsworth to the Customers of Colorado Springs Utilities	Somer Mese, Chief Operations Officer
	• 2026 Garden Excellence Award from the American Public Gardens Association	Julia Gallucci, Water Conservation Supervisor
	• A Resolution Recognizing Dave Padgett for His Service to the Customers of Colorado Springs Utilities	Nichola Peters, Chief System Planning and Projects Officer
3:05 p.m.	**6. Customer Comments** • 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 who 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
3:15 p.m.	**7. Compliance Reports:** • **I-8 Asset Protection – Annual City Auditor's Report (Annual External)** • **I-3 Financial Planning and Budgeting G-8** • **CEO/Board Partnership Responsibilities – CEO Responsibilities** 1. Electric Cost Adjustment/Gas Cost Adjustment 2. Water Outlook	Travas Deal, Chief Executive Officer
3:20 p.m.	**8. Items Called Off Consent Agenda**	Chair Donelson
3:25 p.m.	**9. Nuclear Energy Institute and Colorado Springs Utilities Future Engagement** Informational presentation on the Nuclear Energy Institute and future engagements with Colorado Springs Utilities.	Marcus Nohl, Vice President of Nuclear Development and Fuel Cycle – Nuclear Energy Institute
3:50 p.m.	**10. The Acquisition of Real Property at 37433 County Road 371 in Buena Vista, Colorado to be used for the Homestake Water Project** Vote to recommend approval of a resolution authorizing the acquisition of	Jessica Davis, Manager of Facility and Land Resource Services

	certain real property with a purchase price in excess of $100,000, in accordance with the City Real Estate Manual sections 4.1 and 9.6.	
4:00 p.m.	**11. A Resolution Authorizing Colorado Springs Utilities to Apply for a Workers' Compensation Self-Insurance Permit and a Certificate of Self-Insurance for Automobile Insurance** Vote to approve the resolution authorizing self-insurance pursuant to C.R.S. §§ 8-40-101, *et seq*., and 10-4-624.	John Hunter, Manager of Financial Planning and Risk
4:20 p.m.	**12. Regional Wastewater Service Agreement with Garden Valley Water and Sanitation District** Vote to recommend to City Council the approval of a Regional Wastewater Service Agreement with Garden Valley Water and Sanitation District pursuant to City Code §§ 12.1.116 and 12.5.304.	Greg Luchka, Principal Account Manager Sara Yakuba, Environmental Coordinator
4:35 p.m.	**13. Board Member Updates**	Chair Donelson
4:40 p.m.	**14. Summary of Board Actions**	Anna Bingman, Utilities Board Administrator
4:45 p.m.	**15. Adjournment**	Chair Donelson

Minutes
June 15, 2026
Rosemont Conference Room or Microsoft Teams

Call to Order
Pursuant to the Colorado Open Meetings Law and the City Charter, since three or more members of the Utilities Board may be attending this public meeting, it is noticed and open to the public. Pursuant to the Utilities Board Bylaws, this Committee of the Utilities Board will not accept public comments at this meeting.

Board Chair Dave Donelson called the meeting to order at 9:00 a.m.

Present – Board Chair Dave Donelson, Board Member Ken Casey, Board Member Lynette Crow-Iverson, Board Member Kimberly Gold (online), Board Member Nancy Henjum, Board Member David Leinweber, Board Member Roland Rainey, and Board Vice Chair Brandy Williams

Excused– Board Member Brian Risley

Acceptance of the May 18, 2026, Working Committee Minutes
Board Member Crow-Iverson made a motion to approve the April meeting minutes, and Board Member Casey seconded the motion. The motion passed unanimously.

Safety Moment: Password Reuse and Password Managers
Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, presented the safety moment on password reuse and password managers, and shared information on the risks of password reuse, how to prevent breaches, and benefits of the use of a password manager.

Compliance Reports
I-2 Financial Conditions and Activities – Annual City Auditor's Report G-7 (Annual External)
Mr. Tristan Gearhart, Chief Planning and Financial Officer, informed the Board that the I-2 Financial Conditions and Activities annual City Auditor's report was received with no significant findings.

There were no questions or comments on this item.

I-2 Financial Conditions and Activities (to Include Contracts Over $500,000) G-7 (Quarterly January through March)
Mr. John Hunter, Manager of Financial Planning and Risk, presented the I-2 Financial Conditions and Activities (to Include Contracts over $500,000) G-7 (Quarterly January through March) report. This presentation included the nine I-2 directives, and how Colorado Springs Utilities meets and operates under these directives.

Mr. Travas Deal, Chief Executive Officer, clarified that development fees were changed this year to align better with the Housing and Building Association's forecast, which is a slightly different methodology compared to previous years.

Board Member Henjum asked for a refresher on the Penrose Water Supply project. Mr. Nicholas Peters, Chief System Planning and Projects Officer, responded that this project is building new tank infrastructure in place of the dam infrastructure at the old Penrose Lake, which is adjacent to the Broadmoor. This project will help to maintain reliability and water pressure for the area by adding the tanks into where the reservoir was previously located. There has been good support from the surrounding neighbors, and there have been no concerns voiced about the project so far. Board Member Henjum asked if the Broadmoor is contributing to this project, or if they are being served as customers. Mr. Deal answered that they are not contributing aside from being a customer, and that this is part of the infrastructure of the integrated system.

Board Member Rainey noted the underspend for the Horizon Power Plant and asked if this included the new batteries that had been placed on the site. Mr. Deal replied that those batteries were not included on this line item.

Mr. Deal added that the overspend for the wastewater system expansion was due, in part, to pay to expedite the process, as wastewater permits may not be available in the future for new developments.

Chair Donelson asked if the overspend on fiber was just in the first quarter. Mr. Hunter clarified that this was the projected forecast for the entire year. Chair Donelson asked if this overspend would balance back out over the rest of the year. Mr. Hunter answered no, but previous year spends were low and this will help bring the project up to date. Mr. Hunter added that the overall project is coming in at what was forecasted.

Board Member Rainey commented that one of the directives under the I-2 is to inform of significant financial impacts and asked what the threshold for “significant” is. Mr. Gearhart responded that there is no specific number, but typically any change over $1 million.

Electric Cost Adjustment/Gas Cost Adjustment Update
Mr. Scott Shirola, Manager of Pricing and Rates, provided the Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA) update. In this update, Mr. Shirola detailed the natural gas prices as of May 1, 2026, and the ECA and GCA predictions.

Board Member Henjum said she would be curious to see the ECA/GCA graph over a number of years to see historic changes. Mr. Shirola responded that he would get this information to Board Member Henjum.

Net Metering Feedback and Rate Proposal
Ms. Leslie Smith, Supervisor of Customer Insights and Programs, and Mr. Shirola presented the Net Metering feedback and July 2026 rate proposal. Ms. Smith presented the feedback portion of the presentation, which provided key takeaways, comments on the two rate options and the grandfathering proposal, and final customer comments. Mr. Shirola presented the July 2026 rate case portion of the presentation, which included a background on net metering, national trends, net metering modernization activities in 2025 and 2026, results of the 2026 rate design analysis, both options of the rate proposal summary, customer transition and bill impacts, and finally, next steps in the process.

Board Member Henjum asked what percentage or number would show a clear winner between the two options presented to net metering customers. Ms. Smith responded that there really was no clear winner. If there was only one option to choose between the two presented, either 60% of customers would be unhappy with one choice, or 40% would be unhappy with the other choice, so there is no preferred choice in the overall scheme of net metering. To present only one option would require much more education and mitigation.

Board Member Henjum asked if there was a third option, or if the two options presented were the only two so a choice was forced. Ms. Smith answered that it was a forced choice between the two options to see what was more palatable for that customer's circumstances. Board Member Henjum asked if the survey had any questions on whether the choice was reasonable, or if there was an area to provide additional feedback. Ms. Smith replied that there was a section of the survey to provide open-ended comments, which received a lot of feedback. This feedback was summarized and provided to the project team to help develop tools that net metering customers can use in the future to determine which open is a better fit for them. With regards to grandfathering, Board Member Henjum asked if the amount of support is based on where the customer might be within their solar investment. Ms. Smith said no, clarifying that while there was a question on how much was originally invested in their solar set-up, there was not a question about how much they have to pay off that investment.

Board Member Casey asked how the five years of grandfathering was determined. Mr. Shirola said that each year, the cost of grandfathering current net metering customers is about $4.4 million which totals around $22 million for five years' worth of grandfathering. This was a number that Colorado Springs Utilities felt comfortable with, as it provides balance to current net metering customers with minimal effects to the rest of the ratepayers. Board Member Casey asked why staff would not want to extend this longer, knowing that net metering customers would like a more permanent grandfathering option.

Mr. Gearhart answered that this was a compromise that staff felt was fair, considering that in the original net metering proposal in 2025, there was no grandfathering. The five-year grandfathering will give net metering customers the option to purchase batteries or additional solar panel installation, as this change will allow solar expansion to go from 120% to 200%. Board Member Casey asked if those who upgrade their solar would be part of the grandfathering. Mr. Gearhart said they would need a new interconnection agreement and would then need to choose between the options. Board Member Casey asked if net metering customers are still being credited if they are producing energy between 5 p.m. and 9 p.m. Mr. Gearhart responded that if they are making more energy than they are using in that period, then yes, they are being credited. Any generation will offset their use.

Board Member Henjum asked how Colorado Springs Utilities plans to help net metering customers work through the changes they will see whether those changes happen immediately for new net metering customers, or at the end of the grandfathering period. Ms. Smith responded that there will need to be a good amount of education, similar to what was rolled out for regular customers for Energy Wise rates, which includes a robust communication plan. Mr. Deal added that the problem is not that net metering customers are using their solar, but that the value of the energy they are producing goes down when so many people have solar power now. The goal of Colorado Springs Utilities is to serve affordable and reliable power, and at times, power can be purchased cheaper through other methods rather than through net metering customers. Colorado Springs Utilities having to pay more for their overproduction is not fair to the regular ratepayer. Board Member Henjum thanked Ms. Smith and her team for their work gathering feedback.

Vice Chair Williams asked for an explanation on what is different now from the 2005 net metering rate. Mr. Chris Bidlack, Senior Attorney for the City Attorney's Office – Utilities Division, explained the justification behind having different rates for different classes, or types, of customers. He explained that the governing body, which in this case is City Council, within their legislative authority, can establish rates and classes as long as there is a rationale in doing so, and that the rates must be reasonable and not unduly discriminatory. We can assume that in 2005, the rate for net metering was properly justified to the governing body at that time.

Board Member Henjum asked if net metering customers are charged at the same rate as Energy Wise customers. Mr. Shirola clarified that under Option 1, the rates are the same as what non-solar customers pay under Energy Wise. The only difference is that Option 1 reflects 2027 rates because net metering customers won't be paying at that rate until April 1, 2027, if approved. Next, Board Member Henjum asked what other utility companies statewide are doing in their approach to net metering and solar customers. Mr. Shirola provided examples of what Fort Collins and Xcel Energy are doing, which are similar with time-of-day rates and net billing approaches.

Vice Chair Williams asked Mr. Shirola to explain in his presentation at Wednesday's upcoming Utilities Board meeting what happened at the state level with the solar working group, to bring Colorado Springs Utilities to the need to address net metering and solar. Mr. Shirola said he would address this in his next presentation.

Board Member Casey asked if this would apply to commercial customers. Mr. Shirola said this would mostly apply to residential customers and commercial customers under 10 kilowatts of max demand. Commercial customers exceeding this threshold are already subject to demand charges instead of a flat fee. Vice Chair Williams asked if there has been any feedback from commercial users on time-of-day rates or net metering, to which Mr. Shirola answered that most commercial customers are not on time-of-day rates yet, but will be in the fall.

Chair Donelson asked Mr. Shirola to remind the Board how many residential electric customers are serviced by Colorado Springs Utilities, and how many of those are solar customers. Mr. Shirola answered that there are around 215,000 residential electric customers, with 11,000 of those being solar users.

Board Member Henjum asked Mr. Shirola to explain the cost shift between net metering customers under the new rate and the frozen rate. Mr. Shirola walked through the $400 cost shift difference. Board Member Henjum noted that the presentation stated that transitioning net metering customers to Energy Wise rates reduces the cost shift by only 25%. Mr. Shirola confirmed this, and then the grid access fee covers the rest of the shift. Additionally, the rates that were used in the third-party study are 2025 rates. Board Member Henjum asked Mr. Shirola to clarify this ahead of his presentation to the Board on Wednesday.

Board Member Henjum asked how customers can change their choice. Mr. Shirola explained that new customers, customers who select Option 1 and customers who don't make any selection, will be enrolled in Option 1. If a customer wants to choose Option 2, they will need to elect that choice and can change once per year. They then must remain within the billing option they chose for 12 months. Board Member Henjum asked if this affects customers with solar farms. Mr. Shirola said this proposal makes no changes to the solar garden program.

Board Member Casey asked if the two options offset revenue from each other, to which Mr. Shirola responded yes, both options are revenue-neutral and end the cost shift. Board Member Casey asked how credits are carried over. Mr. Shirola explained how credit hours would be reflected against on and off-peak times.

Chair Donelson asked if there will be resources online available to help net metering customers make their decision. Mr. Shirola said yes that staff are evaluating the tools available.

Workers Compensation and Claims Administration
Mr. Hunter presented the Board with the Workers Compensation and Claims Administration presentation. This presentation provided the City Code amendment that would change the current structure of Workers Compensation and Claims, next steps, and noted the Self Insurance Resolution that would be required for the change.

Board Member Leinweber asked if the City had less volume for Workers Compensation, would their rate go up. Mr. Hunter said he believed their volume would not go up but their risk likely would. Mr. Hunter noted that the Colorado Springs Police Department (CSPD) and Colorado Springs Fire Department (CSFD) have an impact on the outcome of their rates.

Chair Donelson asked how much money is currently in Colorado Springs Utilities' Workers Compensation fund. Mr. Hunter responded that it is a few million dollars.

Board Member Rainey asked if Mr. Hunter had already discussed this with the Chief Financial Officer for the City of Colorado Springs, and if there were any concerns. Mr. Gearhart confirmed the CFO for the City was aware, and looking at City Code to see if any of the proposed changes felt advantageous at this time. Both the City and Colorado Springs Utilities are working together to make sure everything the City wants to see is incorporated.

Electric Integrated Resource Plan (EIRP) Progress Update
Mr. David Longrie, Manager of Energy Resource Planning and Innovation, and Mr. Troy Bass, Supervisor of Energy Resource Planning, provided the Electric Integrated Resource Plan (EIRP) progress update. In this update, they reminded the Board of the IRP process, EIRP goals, carbon reduction goals, load forecast, key model outcomes, current generation resources and balanced portfolio, generation portfolios and sensitivities, implementation strategies, and finally the recommendation with next steps.

Vice Chair Williams asked if gas distribution was the gas to heat homes. Mr. Deal answered yes, that as a gas distribution company, Colorado Springs Utilities falls under the Clean Heat Plan, though many newer developments are seeing a transition from gas to heat homes to heating with electric, which increases pressure on the load.

Board Member Leinweber noted Chair Williams' question, stating that the change to electric directly impacts Energy Wise rates, and customers should be reminded that being environmentally cautious does come with a cost. Mr. Longrie confirmed that there is nothing requiring new homes to be electrified for heating, but that those options are available. Mr. Deal added that there are programs for this but there is a hesitancy in the development community to electrify homes due to the market side risk.

Board Member Casey noted that the reference case does not meet the 80% reduction. Mr. Longrie confirmed this was the original case before Senate Bill 182, so it is essentially the baseline moving forward as an organization and what steps need to be taken to meet the requirements of SB-182. Mr. Deal added that Colorado Springs Utilities does not want to price out customers as we transition to new resources, so cost caps have been added to later goals.

Board Member Leinweber commented that the upfront cost to build different, increasing, megawatt resources is the same, so it would seem to be a better option to build more units. Mr. Deal said he wants to push forward ahead of retiring the Front Range Power Plant, which is 500 megawatts, so the smart decision is to overbuild economies of scale and have resources in place long before they are needed. Mr. Deal said the hope for this presentation at Wednesday's Utilities Board meeting is to have consensus moving forward.

Board Member Henjum asked how the portfolio will help meet the requirements of SB-182 without nuclear power. Mr. Longrie responded that short-term renewables that are coming online will help bridge this gap, along with power transferred through the Southwest Power Pool (SPP) Regional Transmission Organization (RTO).

2026 Legislative Session Recap

Mr. Daniel Hodges, General Manager of Government Affairs, provided the Board with the 2026 Legislative Session recap. In his presentation, Mr. Hodges provided an overview of the Colorado Senate and House representation by geography, partisan control of the Colorado Legislature, representation by Party, legislative trends, 2026 bill positions, and finally, key legislative victories. Mr. Hodges also thanked Representative Amy Paschal, who was in attendance, for her support of Colorado Springs Utilities during the 2026 legislative session.

There were no questions or comments on this item.

Adjournment

Chair Donelson adjourned the meeting at 11:44 a.m.

COLORADO SPRINGS UTILITIES BOARD
MS Teams and Blue River Board Room
Plaza of the Rockies
121 S. Tejon Street
South Tower, 5th Floor

Minutes
Wednesday, June 17, 2026
1:00 p.m. – 5:00 p.m.
Blue River Board Room

1. Call to Order

Chair Dave Donelson called the meeting to order at 1:01 p.m.

Ms. Anna Bingman, Utilities Board Administrator, called roll.

Present – Chair Dave Donelson, Board Member Ken Casey, Board Member Lynette Crow-Iverson, Board Member Kimberly Gold, Board Member Nancy Henjum, Board Member David Leinweber, Board Member Roland Rainey and Vice Chair Brandy Williams

Excused – Board Member Brian Risley

2. Invocation and Pledge of Allegiance

Pastor Jeff Sherrill with Springs Journey Church offered the invocation, and Chair Donelson led the Pledge of Allegiance.

3. Consent Agenda

- **Approval of the May 20, 2026, Utilities Board Meeting Minutes**

Board Member Gold made a motion to approve the items on the Consent Agenda. Board Member Rainey seconded the motion. The motion to approve the Consent Agenda passed unanimously.

4. Customer Comments

Mr. Peter Briggs, Colorado Springs Utilities customer, stated that there was a leak on his property that he was unaware of. The leak was discovered after the basement of a neighbor's home flooded, which was determined to be caused by problems with equipment installed in previous years. There were five or six days when the leak let out around $3,600 of water. Mr. Briggs worked with the Customer Resolution Team who informed him he could make payments over a six-month period, however Mr. Briggs said it seemed unfair that he was charged for the water leaking from his system when it was due to faulty equipment and he was unaware. He stated he did not use the water; therefore, he should not be charged for it and asked if there was another resolution. Mr. Travas Deal, Chief Executive Officer, told Mr. Briggs that he believed his staff had come to the resolution not to charge Mr. Briggs for the leak, and asked him to meet outside of the meeting room with Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, to follow-up on next steps.

5. **Compliance Reports:**
   - **I-2 Financial Conditions and Activities (to include Contracts over $500,000) G-7 (Quarterly January through March)**
   - **E-2 CEO/Board Partnership Responsibilities – Electric Cost Adjustment/Gas Cost Adjustment**

   There were no presentations on these items.

   - **E-2 CEO/Board Partnership Responsibilities – Water Outlook**

   Mr. Justin Zeisler, Supervisor of Water Resource Planning, presented the Board with the Water Outlook for May 2026.

6. **Items Called Off Consent Agenda**
   No items were called off consent.

7. **A Resolution for the Acquisition of Real Property at 845 West Moreno Avenue to be Used for the Rio Grande Pump Station Relocation Project**

   Ms. Jessica Davis, Manager of Facility and Land Resource Services, presented the Board with an acquisition of property that will be used for the Rio Grande Pump Station Relocation Project. This presentation included information on the Portable Pump Station Replacement Program, the location map, property information, and the next steps.

   Board Member Casey asked if the current pump station location could be sold. Ms. Davis responded that Colorado Springs Utilities currently uses an easement for the existing pump station location. Infrastructure will be kept on this easement in addition to the new property.

   Board Member Leinweber made the motion to move to recommend approval of a resolution authorizing the acquisition of certain real property with a total acquisition amount greater than $100,000 for the Rio Grande Pump Station Relocation Project pursuant to City Real Estate Manual sections 4.1 and 9.6 to the July 14, 2026, Regular City Council Meeting. Board Member Gold seconded the motion. The motion carried unanimously. The Board agreed to put this item on the Consent Agenda.

8. **Electric Integrated Resource Plan (EIRP) Update**
   Mr. David Longrie, Manager of Energy Resource Planning and Innovation, and Mr. Troy Bass, Supervisor of Energy Resource Planning, provided the Electric Integrated Resource Plan (EIRP) progress update. In this update, they reminded the Board of the IRP process, EIRP goals, carbon reduction goals, load forecast, key model outcomes, current generation

resources and balanced portfolio, generation portfolios and sensitivities, implementation strategies, and finally the recommendation with next steps.

During the customer comment section of this presentation, State Representative Amy Paschal, of House District 18, commented that she was a sponsor of State Bill 26-182, so she is very familiar with this topic. She stated that this is a very big topic for Colorado Springs Utilities customers and requires significant long-term planning. She requested that customers and constituents be given opportunity to provide feedback on the plans that Utilities moves forward with in other forums besides Utilities Board or City Council meetings. She encouraged that these opportunities for further dialogue happen during evenings or weekends so any interested customer may attend to voice questions or concerns. Representative Paschal said providing as much notice as possible to these meetings would also boost engagement at meetings.

Board Member Casey noted the gap in the load met by the selected portfolio and how the load would be addressed if demand increased to the forecasted amount. Mr. Longrie responded that some of this load would be addressed through the large load tariff. If there are not existing resources to meet the demand, the Colorado Springs Utilities would procure the long-term resource but seek out short-term opportunities to meet the needs.

Chair Donelson asked Mr. Longrie to clarify if large load projects impact ratepayers. Mr. Longrie responded that the Large Load Tariff that was approved by the Board protects ratepayers from being impacted by large load projects, such as data centers or industrial activity. Customers needing more than 10 megawatts of power must sign contracts that require them to pay the complete cost of what is needed to procure the power they require to operate and are subject to large load rates. Chair Donelson then asked Mr. Longrie to explain the different ownership models under nuclear generation. Mr. Longrie replied that there are two models: full ownership and purchase power agreements. Colorado Springs Utilities uses these two models in relation to all types of power generation, whether that is solar, gas, or someday, nuclear. The EIRP will help to evaluate the best option for Colorado Springs in the future when it comes to the ownership of nuclear power based on growing needs.

Mr. Deal added that this process helps determine next steps while allowing staff to do their due diligence to build the portfolio through different Requests for Proposal processes. Nuclear will be a heavy lift, along with increased generation through other means. Mr. Deal commented that the Board’s informal support of the EIRP will help kick off the process moving forward.

Mr. Wayne Williams, Chief of Staff for the City of Colorado Springs, asked if the goal for emissions reduction was per citizen or for the total population based on growth since 2005. Mr. Longrie answered that it is per the total population from 2005 levels.

The Board provided unanimous informal support for the EIRP as presented.

9. Recognition

- Resolution of Appreciation for Andrew Colosimo

Ms. Renee Adams, Chief Human Resources Officer, informed the Board that Mr. Andrew Colosimo, General Manager of Regulatory, Environmental and Public Affairs, would be retiring from Colorado Springs Utilities after almost 25 years of service. Ms. Adams noted Mr. Colosimo's exceptional service, his many accomplishments, and read a Resolution of Appreciation for Mr. Colosimo.

Mr. Deal thanked Mr. Colosimo for his service and wished him well in his upcoming endeavors.

Mr. Daniel Hodges, General Manager of Government Affairs, reflected on his many years of working with Mr. Colosimo, and for his leadership during his two and a half decades of service.

Ms. Adams noted some of Mr. Colosimo's accomplishments that were not listed in the resolution and thanked him for being a wonderful employee and for sharing his wealth of institutional knowledge of Colorado Springs Utilities.

Mr. Williams also reflected on his many years of working with Mr. Colosimo in different capacities, including as a County Commissioner, a member of the Utilities Board, and now as the Chief of Staff.

Board Member Henjum thanked Mr. Colosimo for the warm welcome he provided to her as a new Board Member and wished him well.

Board Member Crow-Iverson commented on her many years of working with Mr. Colosimo in different capacities as well, stating that he became not only a great professional contact, but also a friend.

Vice Chair Williams called Mr. Colosimo the consummate professional and thanked him for the many years of service that she was able to spend with Mr. Colosimo on her multiple terms serving on City Council.

Chair Donelson thanked Mr. Colosimo for his service and said he looks forward to seeing how he does in his future endeavors, as well.

Mr. Colosimo thanked everyone for their kind sentiments, adding that it was his pleasure working for Colorado Springs Utilities. Mr. Colosimo shared his pride in the many projects and initiatives he took part in over his career.

Vice Chair Williams moved to approve the Resolution of Appreciation for Andrew Colosimo. Board Member Henjum seconded the motion. The motion carried unanimously.

10. Net Metering Rate Case

Mr. Scott Shirola, Pricing and Rates Manager, presented the July 2026 Rate Case. This presentation included a background on net metering, national trends, net metering modernization activities in 2025 and 2026, results of the 2026 Rate Design analysis, both options of the rate proposal summary, customer transition and bill impacts, and finally, next steps in the process.

Board Member Leinweber asked how many customers of Colorado Springs Utilities' 220,000 residential customers are solar customers. Mr. Shirola responded that approximately 10,000 to 11,000 residential customers use solar, equating to around 5% of customers.

Board Member Henjum asked if other alternatives to Option 2 were discussed instead of just the highest 15-minute demand charge. Mr. Shirola responded that in the original proposal, an average demand rate was considered, however that is complex to articulate. Using the highest 15 minutes on-peak is cost reflective. Mr. Shirola explained the methodology behind this and how it can be incorporated into the billing practice. Mr. Tristan Gearhart, Chief Planning and Finance Officer, said this was the impetus for the two options, which gives the customer the choice of what might work best for their habits and use while also considering the overall demands on the system.

Mr. Deal commented that Colorado Springs Utilities absolutely supports solar customers and rooftop solar and would like to see the program grow. Utilities is committed to customers' ability to self-generate power, but the transaction of Utilities buying backing power is what this proposal is hoping to address.

Mr. Tom Harrington, a Colorado Springs Utilities customer, is a net metering customer in District 5. He has been following the net metering conversation and had comments on the two options. First, he stated that the grid access fee being the same for all solar customers means that customers with fewer panels will be subsidizing those with more panels. He stated that, at $400 per year for panels that may last 30 to 35 years, the grid access fee will end up costing him more than it did to install the plans initially. Mr. Harrington felt it was bizarre to base the charges for an entire month on the single highest usage once per month. He said this creates no incentive for someone with high usage to change their habits, which was a pitfall of the original net metering proposal last year. Finally, he stated that this is a complicated issue, as there is no way to estimate costs without monitoring electric usage minute by minute, which people generally have no way to do.

Mr. Daryl Kuiper is a Colorado Springs Utilities net metering customer. He said he felt that this proposal was unclear as to what people can expect to be charged, which is very confusing. Mr. Kuiper stated that his educational background is mainly in mathematics, and he still found both proposals challenging to work through, which could make it even more difficult for someone without a similar background.

Representative Paschal commented that this is a very challenging concept for average Utilities customers to grasp. She said she believed it was critical for Colorado Springs Utilities to provide tools and education, such as downloadable spreadsheets or calculators, to help customers determine which option is best for their use. She also encouraged customer facing documentation to remain simple and clear. Representative Paschal said it is much easier for someone to hear and digest a 15-minute presentation versus a three-hour presentation.

Board Member Leinweber stated that his main concern is about the 15-minute peak demand charge and asked if there was a way to average that over a number of days rather than one peak moment. Mr. Gearhart responded that this is why there is the choice of both options for ratepayers. They have the ability to choose a more consistent rate format, or one where they can control their charges based on their habits. The overall system needs to be able to meet the needs and be ready to serve whether panels are generating electricity or not. Board Member Leinweber argued that there are enough customers to offset peak demand for one person's use one time that determines their rates for an entire month, whereas an average over multiple days is more reflective of regular use. Mr. Deal responded that customers need to be responsible for their usage, and that the rest of the customer base should not have to cover someone else's usage.

Board Member Henjum said she has been thoroughly engaged on this topic throughout the many meetings, presentations and discussions, and still feels as though she isn't fully understanding it. She stated that this is concerning, as someone who has not been subject to all of the information would likely be even more confused about what option might be best. Board Member Henjum noted Representative Paschal's comment that this topic should be digestible from a 15-minute presentation, and it is not. While she wants to support it, she said she can't while it is still so confusing.

Vice Chair Williams agreed that this is a very difficult proposal to work through and has spent countless hours with Mr. Shirola and Mr. Gearhart working through the numbers, so she understood Board Member Henjum's sentiments. She said she would be willing to sit down with Board Member Henjum to work through the numbers, but at the end of the day, there needs to be trust in staff's proposal as the right decision for the organization and for customers.

Chair Donelson noted four main outcomes from the overall net metering proposal that customers should be aware of. He stated that the Board and City Council did not approve the original proposal last year and directed staff to come back with a better proposal for ratepayers. He added that the five-year grandfathering clause was added. Next, he stated that two options were presented for customers to choose from instead of the original single option. And finally, Chair Donelson reminded the Board that Colorado Springs Utilities had upgraded the amount of solar a home can have from 120% to 200% in this proposal. Chair Donelson felt these were all big wins out of a difficult conversation that began over a year ago.

Board Member Henjum asked Ms. Adams to provide the communication plan moving forward. Ms. Adams, joined by Mr. Jay Anderson, Communications Manager, provided details on the next steps of communication, which include email updates, and the potential for two public meetings ahead of this item being considered at City Council.

Board Member Rainey reiterated the importance of communication and reminded the room that no decision was made today and will not be made until this item is presented to City Council at a regular City Council meeting.

11. Board Member Updates

Vice Chair Williams reminded the Board that there will be no City Council meetings on June 22, 2026, and June 23, 2026, due to most Council Members attending the Colorado Municipal League (CML) annual conference. She also reminded the Board that the Pikes Peak Hill Climb will be taking place on Sunday, June 21.

Board Member Henjum said she had attended a tour of the Jackson Fuller Substation and Battery, which was very informative and relative to the net metering conversations.

12. Summary of Board Actions

Ms. Bingman provided a summary of Board Actions:

- Approved the May 20, 2026, Utilities Board meeting minutes.
- Recommended approval of a resolution authorizing the acquisition of certain real property with a total acquisition amount greater than $100,000 for the Rio grande Pump Station Relocation Project, pursuant to Real Estate Manual sections 4.1 and 9.6 to the July 14, 2026, Regular City Council Meeting on Consent.
- Informally endorsed the Electric Integrated Resource Plan as presented.
- Approved a Resolution of Appreciation for Andrew Colosimo.

13. Adjournment

Chair Donelson adjourned the meeting at 3:51 p.m.

Board Memo Agenda Item
Staff Report

Date: (Date of Utilities Board Meeting)	July 22, 2026
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	A Resolution of the Colorado Springs Utilities Board of Directors in Support of Somer Mese for Appointment to the Southeastern Colorado Water Conservancy District Board of Directors
NARRATIVE:	
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information
Executive Summary:	This draft resolution formally expresses the Utilities Board's support for the appointment of Somer Mese to the Southeastern Colorado Water Conservancy District Board of Directors as an El Paso County representative. The resolution outlines the District's role in developing and administering the Fryingpan-Arkansas Project, its responsibility for managing and repaying project costs, and its importance in providing supplemental water supplies to agricultural, municipal, and domestic users across southeastern Colorado. It highlights that Colorado Springs Utilities, through the Fountain Valley Authority, is a major water purchaser and contributor within the District. The District is governed by a 15-member board of directors representing the nine counties within the District, with each director appointment by Water Court for the District to service for four-year terms and subject to re-appointment. In June 2026, when Andrew Colosimo retired from Colorado Springs Utilities, an El Paso County board seat became available. Somer Mese is qualified for the position due to her knowledge of water matters, leadership of Colorado Springs Utilities' water operations, and work with regional entities.
Benefits:	Colorado Springs Utilities customers and El Paso County residents will have representation on the Southeastern Colorado Water Conservancy District Board
Board Policy: If this impacts one of the board policies, indicate that here.	N/A
Cost / Budget: Include the projected cost or budget here.	N/A
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	N/A

Alternatives:	If Somer Mese is not chosen as a nominee, then another person may be nominated.		
Submitter:	Abby Ortega	Email Address:	ajortega@csu.org
Division:	System Planning and Projects	Phone Number:	719-668-8748
Department:	Infrastructure and Resource Planning	Date Submitted:	July 13, 2026
SPG Staff Use Only:	Consent Calendar ☒ Yes ☐ No	Item Number 4	
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING			

RESOLUTION #26-05

A RESOLUTION OF THE COLORADO SPRINGS UTILITIES BOARD OF DIRECTORS IN SUPPORT OF SOMER MESE FOR APPOINTMENT TO THE SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS

WHEREAS, the Southeastern Colorado Water Conservancy District ("District") was created under Colorado Revised Statutes on April 29, 1958, by the District Court of Pueblo, Colorado, for the purpose of developing and administering the Fryingpan-Arkansas Project ("Project"); and

WHEREAS, the District boundaries extend along the Arkansas River from Buena Vista to Lamar, Colorado, and along Fountain Creek from Colorado Springs to Pueblo, Colorado; and

WHEREAS, the District is responsible for repayment of the reimbursable costs of the Project; and

WHEREAS, the District makes supplemental water from the Project available for use by various private and mutual ditch companies, to irrigate approximately 280,600 acres of land, and for use by the many municipal and domestic water suppliers who serve the District's approximately 600,000 constituents; and

WHEREAS, Colorado Springs Utilities, through the Fountain Valley Authority, is a major purchaser of water and major contributor in terms of taxable property to the District; and

WHEREAS, the District is governed by a fifteen-member board of directors representing the nine counties within the District, with each director appointment by Water Court for the District to service for four-year terms and subject to re-appointment; and

WHEREAS, in June 2026, one of the El Paso County director board memberships became available for appointment; and

WHEREAS, Section 37-45-114 of the Colorado Revised Statutes provides that each applicant shall have resided within the District for a period of at least one year, shall be the owner of real property within the District, and shall be knowledgeable in water matters; and

WHEREAS, Somer Mese is seeking appointment as director for the District, representing El Paso County; and

WHEREAS, Somer Mese is well suited to represent El Paso County on the Board because she brings a wealth of knowledge of Colorado Springs Utilities water and water concerns due to overseeing the operations of Colorado Springs Utilities water system and through her work with multiple El Paso County entities.

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

Section 1: The Colorado Springs Utilities Board of Directors supports the appointment of Somer Mese as director for the Southeastern Colorado Water Conservancy District from El Paso County.

Section 2: The Chair is authorized to send letters of support on behalf of Somer Mese.

Section 3: The Chair is hereby authorized to execute this Resolution on behalf of Colorado Springs Utilities and the Secretary is authorized to attest the Chair's signature.

DATED at Colorado Springs, Colorado, this _____ day of ______________, 2026.

____
Dave Donelson, Chair of the Utilities Board

ATTEST:

____
Travas Deal, Secretary

Board Memo Agenda Item
Staff Report

Date: (Date of Utilities Board Meeting)	July 22, 2026
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	A Resolution Honoring the Life and Service of Keith Ainsworth to the Customers of Colorado Springs Utilities
NARRATIVE:	
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information
Executive Summary:	Following the passing of Keith Ainsworth on July 5, 2026, Colorado Springs Utilities would like to honor his more than 12 years of dedicated service to the organization. As a valued member of the Field Equipment team, Mr. Ainsworth supported electric and water operations through his skilled operation of heavy equipment and his commitment to serving the community. To recognize Mr. Ainsworth's contributions and impact on Colorado Springs Utilities, a resolution honoring his service is included in the Utilities Board materials for approval.
Benefits:	N/A
Board Policy: If this impacts one of the board policies, indicate that here.	N/A
Cost / Budget: Include the projected cost or budget here.	N/A
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	N/A
Alternatives:	N/A

Submitter:	Somer Mese	Email Address:	smese@csu.org
Division:	Operations	Phone Number:	719-668-8103
Department:		Date Submitted:	July 8, 2026
SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No	Item Number: 5	

ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.

RESOLUTION 26-06

A RESOLUTION HONORING THE LIFE AND SERVICE OF KEITH AINSWORTH TO THE CUSTOMERS OF COLORADO SPRINGS UTILITIES

WHEREAS, Keith Ainsworth began his service with Colorado Springs Utilities on October 14, 2013, and dedicated more than 12 years of committed service to the organization; and

WHEREAS, throughout his career as a valued member of the Field Equipment team, Mr. Ainsworth provided essential support to Colorado Springs Utilities' electric and water operations, operating heavy equipment with skill, professionalism, and a steadfast commitment to serving the community; and

WHEREAS, Mr. Ainsworth's hard work, dedication, and willingness to assist his coworkers contributed significantly to the success of the teams with whom he worked and to the reliable delivery of utility services upon which the community depends; and

WHEREAS, Mr. Ainsworth was known and respected for his kindness, friendship, teamwork, and commitment to those around him, qualities that helped foster a positive and supportive work environment; and

WHEREAS, Mr. Ainsworth's devotion to his family was evident to all who knew him, and he treasured the time spent with his wife and twin sons; and

WHEREAS, the passing of Mr. Ainsworth on July 5, 2026, is felt deeply by his family, friends, coworkers, and all those whose lives were touched by his kindness and dedication; and

WHEREAS, Mr. Ainsworth leaves behind a legacy of service, friendship, and commitment that will continue to be remembered and appreciated by Colorado Springs Utilities staff and the community it serves; and

NOW, THEREFORE, BE IT RESOLVED BY THE COLORADO SPRINGS UTILITIES BOARD: That the Utilities Board extends its gratitude for Mr. Ainsworth's service and acknowledges the lasting impact of his work on behalf of Colorado Springs Utilities and its customers.

DATED at Colorado Springs, Colorado, this 22nd day of July 2026.

By: ______________________________________
Dave Donelson, Chair of the Utilities Board

Attest: ______________________________
Travas Deal, Secretary

Board Memo Agenda Item
Staff Report

Date: (Date of Utilities Board Meeting)	July 22, 2027
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	2026 Garden Excellence Award for Water Wise Demonstration Garden
NARRATIVE:	
Desired Action: Choose only one	☐ Approval ☐ Discussion ☒ Information
Executive Summary:	Colorado Springs Utilities has received the American Public Garden Association's 2026 Garden Excellent Award for the breadth and depth of our outreach and how the garden inspires and supports sustainable horticultural practices. Colorado Springs Utilities Water Wise Demonstrate Garden was selected as a living testament to ecological stewardship, horticultural artistry, and civic responsibility. The Garden's free programs connect people of all ages and backgrounds to the value of a living landscape. The Garden's impact extends far beyond Colorado Springs as the staff leads major statewide initiatives, including development of the Colorado Native Grass Guide and Working Group and Colorado's Landscape Education for Water Conservation initiative.
Benefits:	The American Public Gardens Association champions public gardens in North America and internationally. The Association annually recognizes individuals and organizations whose work is shaping the future of public horticulture. With this award, Colorado Springs Utilities' Water Wise Demonstration Garden and the many horticulturalists and landscape designers who have created and managed it over the past 35 years now join other well-known recipients of this award including the Betty Ford Alpine Gardens, Denver Botanic Garden and the Chicago Botanic Garden.
Board Policy: If this impacts one of the board policies, indicate that here.	n/a
Cost / Budget: Include the projected cost or budget here.	n/a
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	The Water Wise Demonstration Garden is a key asset for Colorado Springs Utilities and for our community. It is an outstanding example of resilient landscape plants, design and best practices that our community can follow to save water. The outreach and education associated with this garden is designed to support the economic vitality and livability of our community.
Alternatives:	n/a

Submitter:	Julia Gallucci	Email Address:	jgallucci@csu.org
Division:	System Planning and Projects	Phone Number:	719-668-7820

Department:	Water Resources Management	Date Submitted:	July 1, 2026
SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No	Item Number 06	
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING			

Recognition: 2026 Garden Excellence Award for Water Wise Demonstration Garden

Board Memo Agenda Item
Staff Report

Date: (Date of Utilities Board Meeting)	July 22, 2026
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	A Resolution Recognizing Dave Padgett for his Service to the Customers of Colorado Springs Utilities
NARRATIVE:	
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information
Executive Summary:	After providing 41 years of dedicated service to Colorado Springs Utilities, Mr. Dave Padgett, General Manager of Project and Program Management, announced his retirement from Colorado Springs Utilities effective July 31, 2026. To recognize Mr. Padgett's leadership, a resolution of appreciation acknowledging his dedicated service is included in the Utilities Board materials for approval.
Benefits:	N/A
Board Policy: If this impacts one of the board policies, indicate that here.	N/A
Cost / Budget: Include the projected cost or budget here.	N/A
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	N/A
Alternatives:	N/A

Submitter:	Nicholas Peters	Email Address:	nepeters@csu.org
Division:	System Planning and Projects	Phone Number:	719-668-8624
Department:		Date Submitted:	July 8, 2026
SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No	Item Number: 7	

ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.

RESOLUTION 26-07

A RESOLUTION RECOGNIZING DAVE PADGETT FOR HIS SERVICE
TO THE CUSTOMERS OF COLORADO SPRINGS UTILITIES

WHEREAS, Dave Padgett has devoted more than 41 years of exemplary service to Colorado Springs Utilities, contributing extensive leadership expertise in environmental services, utility operations, strategic planning, and capital program management; and

WHEREAS, throughout his distinguished career, Mr. Padgett has served in a variety of executive leadership positions, providing thoughtful guidance that has supported the reliable delivery of electric, natural gas, water, and wastewater services to the community; and

WHEREAS, Mr. Padgett has played a vital role in the development and implementation of strategic initiatives that have strengthened Colorado Springs Utilities' ability to meet the evolving needs of its customers while maintaining a commitment to operational excellence, financial accountability, and long-term sustainability; and

WHEREAS, Mr. Padgett has been instrumental in leading environmental functions and promoting responsible resource management, helping protect the region's natural resources for future generations; and

WHEREAS, Mr. Padgett has long been a passionate advocate for stewardship, championing the responsible use of public resources and fostering a culture in which employees embrace their role as good public stewards, exercising accountability, integrity, and care for people, assets, finances, and the environment on behalf of the communities they serve; and

WHEREAS, Mr. Padgett has been a dedicated mentor and leader who has invested in the development of employees across the organization, encouraging and preparing the next generation of utility professionals to carry forward Colorado Springs Utilities' tradition of excellence, stewardship, and public service; and

WHEREAS, Mr. Padgett served for many years as an executive advisor to Delta helping strengthen employee engagement, foster a more inclusive workplace culture, support meaningful employee relationships, and advance the organization's commitment to respect; and

WHEREAS, as General Manager of Project and Program Management, Mr. Padgett has brought broad operational and technical expertise to the leadership team, guiding project and program delivery across all four services while fostering collaboration, accountability, and operational excellence; and

WHEREAS, Mr. Padgett's leadership has been characterized by professionalism, integrity, humility, sound judgment, and an unwavering commitment to serving the customers, employees, and stakeholders of Colorado Springs Utilities; and

WHEREAS, through more than four decades of dedicated public service, Mr. Padgett has earned the respect of colleagues, community leaders, and employees, leaving a legacy of stewardship, mentorship, and service that will continue to influence Colorado Springs Utilities for generations to come; and

NOW, THEREFORE, BE IT RESOLVED BY THE COLORADO SPRINGS UTILITIES BOARD: That the Utilities Board proudly recognizes Dave Padgett for more than 41 years of outstanding service and unwavering dedication to Colorado Springs Utilities, its employees, its customers, and the community it serves.

DATED at Colorado Springs, Colorado, this 22nd day of July 2026.

By: ______________________________________
Dave Donelson, Chair of the Utilities Board

Attest: ______________________________
Travas Deal, Secretary

Office Of The City Auditor
Colorado Springs, Colorado

Natalie Lovell
City Auditor, CIA, MBA, CCIFP, PMP

26-13 Colorado Springs Utilities Board Instruction I-8, Asset Protection

July 2026

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, Policy I-8, Asset Protection. In addition to verifying management's 2025 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 concluded that Utilities and the Chief Executive Officer (CEO) were in compliance with Utilities Board Instructions to the CEO, 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 was required to monitor compliance with Policy I-8, Asset Protection, annually.

Policy I-8 states, "The Chief Executive Officer shall direct that enterprise assets are protected, adequately maintained, and not unnecessarily risked". Our audit included verifying the accuracy and reliability of statements in the monitoring reports prepared by 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.

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/City Auditor

Date: July 22, 2026

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report**
Utilities Board Instructions to the Chief Executive Officer
Financial Planning and Budgeting (I-3)

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	**Utilities Board Instructions to the Chief Executive Officer**	Reporting Timeframe:	**June 1, 2025 – May 31, 2026**
Policy Title (Number):	**Financial Planning and Budgeting (I-3)**	Reviewing Committee:	**Finance**
Monitoring Type:	**Internal**	Monitoring Frequency:	**Annual**
Guidelines:	**Water Reserve Account (G-8)**		

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.*

   Colorado Springs Utilities is committed to achieving the outcomes most important to the Utilities Board and its customers: competitive utility rates; safe, reliable service; and outstanding customer experience, while maintaining financial metrics that support a "AA" credit rating. This "AA" credit rating is ensured by setting targets in the annual budget and five-year financial plan combined with monthly forecast and financial modeling reviews. In July 2025, Moody's Investors Service Inc. and S&P Global Ratings affirmed Colorado Springs Utilities' "Aa2" and "AA+" ratings. Fitch Ratings provided a "Review No Action" rating maintaining Springs Utilities' rating at "AA".

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

   Colorado Springs Utilities maintains solid financial metrics to ensure the AA bond rating. Conservative budget practices combined with our strong credit profile will help moderate customer bill adjustments while meeting long-range infrastructure funding requirements.

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

   Forecasts for revenue requirements, capital spending, bond funding needs, and operating and maintenance expenses are based on assumptions that align with our five-year business plan. Historical weather data and key economic metrics are provided by local and state specific economists and demographers.

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

   A water reserve account has been established and is funded annually when actual revenue is greater than budget to manage water sales volatility. The water reserve account enables revenues to be stabilized and is one of the ways Colorado Springs Utilities safeguards current and future customers from being unduly burdened during unpredictable seasonal weather volatility.

   The balance of the account at the end of the reporting period was $18.3 million.

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

   The mix of cash and debt financing allows the organization to share the cost appropriately between current and future rate payers. Our current five-year capital plan is approximately $800 million per year, and we expect to cash fund up to 32% of the spend. Strong infrastructure planning practices (I-6 Governance Compliance Reporting) supports our capital investment planning for our current customers.

6. *Use risk-based modeling and a defined enterprise procedure to prioritize operations and maintenance infrastructure.*

   Colorado Springs Utilities uses risk-based modelling and data to plan and prioritize rehabilitation and replacement efforts for high-risk assets. In addition, strong infrastructure planning practices (I-6 Governance Compliance Reporting) support condition assessments of our linear and vertical assets across our services to develop a risk-based prioritization of our capital investment. Used together, risk-based modeling and infrastructure planning determine our prioritization approach for asset maintenance.

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Date: July 22, 2026

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)**

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.

<u>Electric Cost Adjustment (ECA)</u>
On March 24, 2026, City Council approved the ECA rate of $0.0233 per kWh effective April 1, 2026. As of May 31, 2026, the ECA over collection balance was $16.8 million. The over collection balance changed by $0.1 million from the $16.9 million over collection balance reported last month. Colorado Springs Utilities will continue to provide regular updates to the Utilities Board as appropriate.

<u>Gas Cost Adjustment (GCA)</u>
On March 24, 2026, City Council approved the GCA rate of $0.1994 per Ccf effective April 1, 2026. As of May 31, 2026, the GCA over collection balance was $13.3 million. The over collection balance changed by $3 million from the $10.3 million over collection balance reported last month. Colorado Springs Utilities will continue to provide regular updates to the Utilities Board as appropriate.

<u>Water Outlook</u>

June 2026 Water Outlook: Data as of June 30, 2026

Local Conditions: June brought above normal temperatures and below average precipitation to the region.

Water Demands: June water use averaged 94.7 million gallons per day (MGD), which was about 26.7% more than last June. Year-to-date water use averaged 10.5 billion gallons (BG), which was about 0.87 billion gallons more than 2025. Total system storage is currently at 73.9% of capacity, equating to approximately 2.8 years of demand in storage, based on the past 3 years of demand. Local storage currently holds enough water to meet approximately 246 days of demand, based on average usage.

Climate Summary: Temperatures in June were above average at 69.6 degrees Fahrenheit. Total precipitation for June was 0.69 inches, which is below normal.

Current Reservoir Levels: Local storage is currently at about 41,686 acre-feet (74% of capacity). The 1991-2020 average is 84% of capacity. Rampart Reservoir is at 84% of capacity, and Pikes Peak storage is at 43% of capacity. System wide, total storage is about 192,600 acre-feet (47% of capacity). Last year at this time, total system wide storage was 73.5% of capacity. It was about 85.3% at this same time in 2024, about 73% of capacity in 2022, about 71% of capacity in 2021, and about 80% of capacity in 2020. The 1991-2020 normal system wide storage for the end of June is 79% of capacity.

Water Supply Outlook: The U.S. Drought Monitor indicates varying drought conditions across the country, with 30% of the U.S. experiencing no drought conditions. In Colorado, 0% of the state is currently free from drought conditions, a 40-percentage point decline since this time last year.

Looking ahead, the Seasonal Drought Outlook predicts drought persistence is likely in Northwestern Colorado with drought development likely in Central and Southern Colorado between now and July 31, 2026. The three-month climate outlook predicts Central and Southern Colorado have a slightly higher chance of above normal temperatures. The three-month outlook is also forecasting near normal precipitation across most of the state, with a small portion of southeast Colorado showing a slightly reduced likelihood of precipitation.

Operational Notes: Mason Reservoir capacity remains restricted for maintenance.

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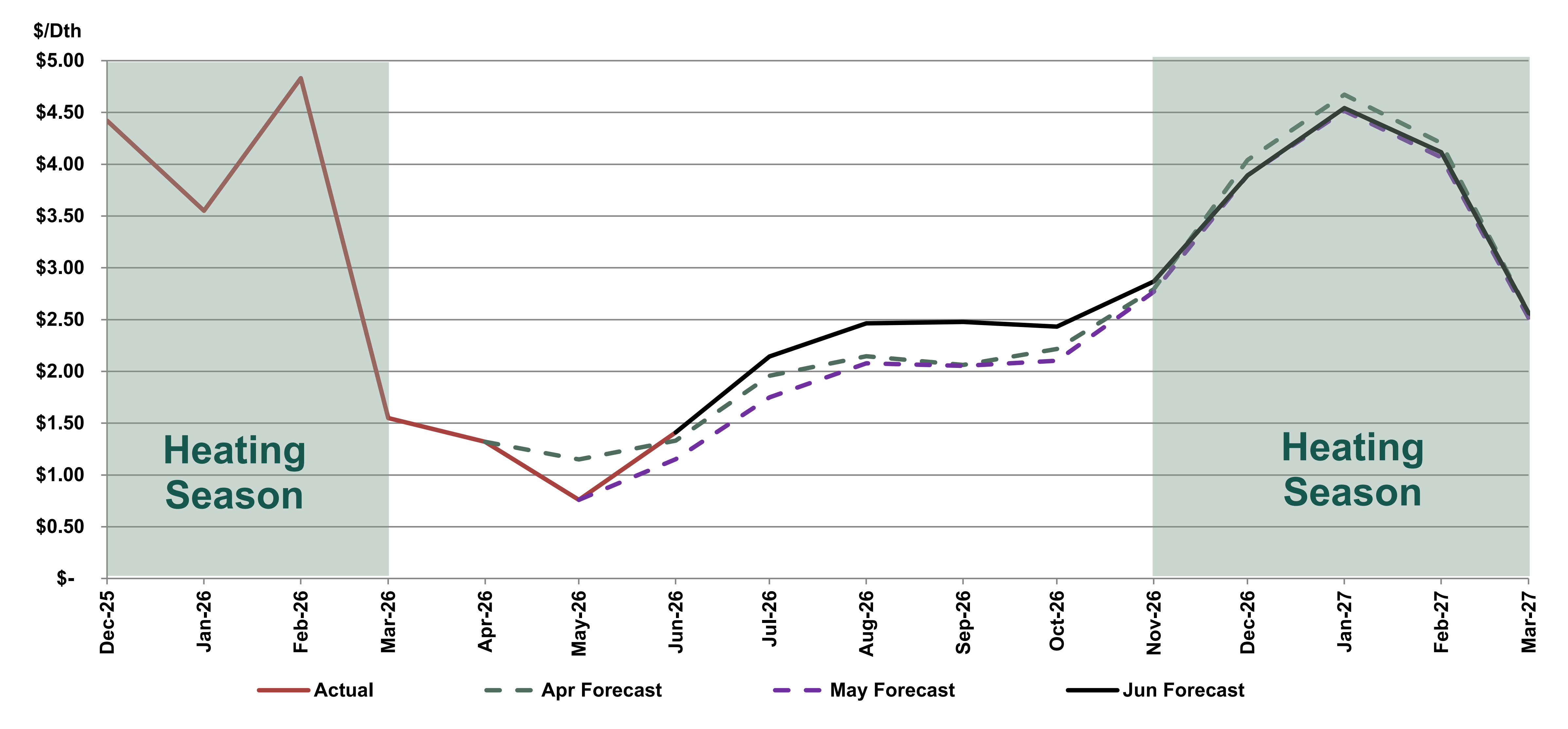
Electric Cost Adjustment
Gas Cost Adjustment

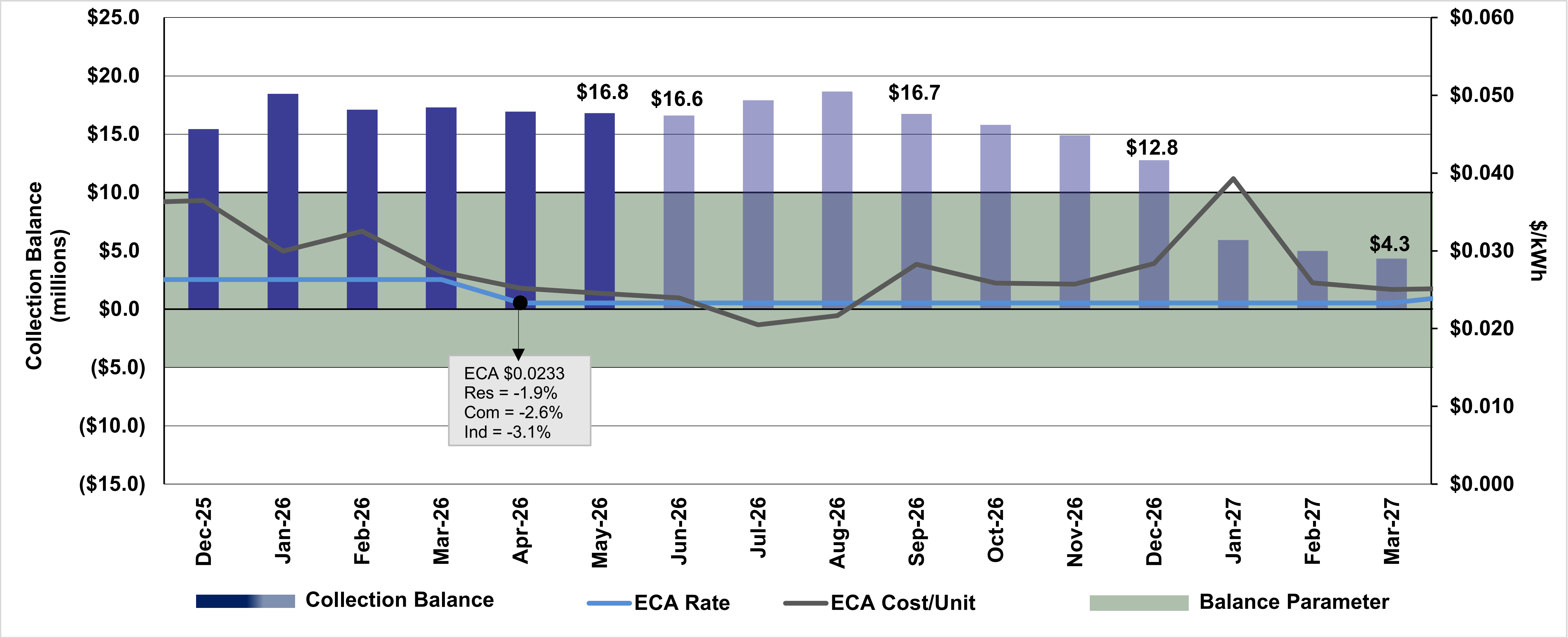
Scott Shirola, Pricing and Rates Manager

July 22, 2026

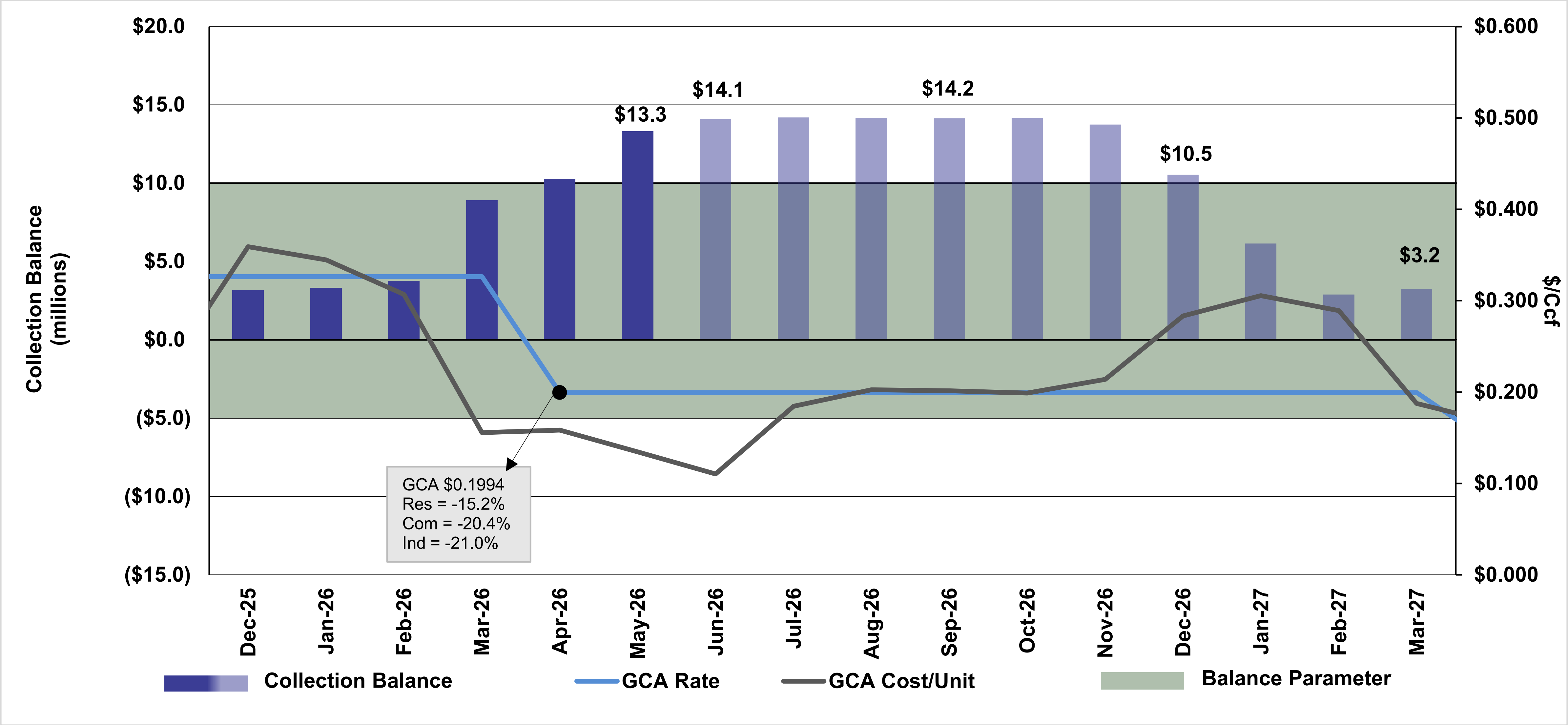
Natural Gas Prices as of June 1, 2026



ECA Projections June 2026



GCA Projections June 2026

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Water Outlook

Justin Zeisler, P.E.
Supervisor, Water Resource Planning

July 1, 2026

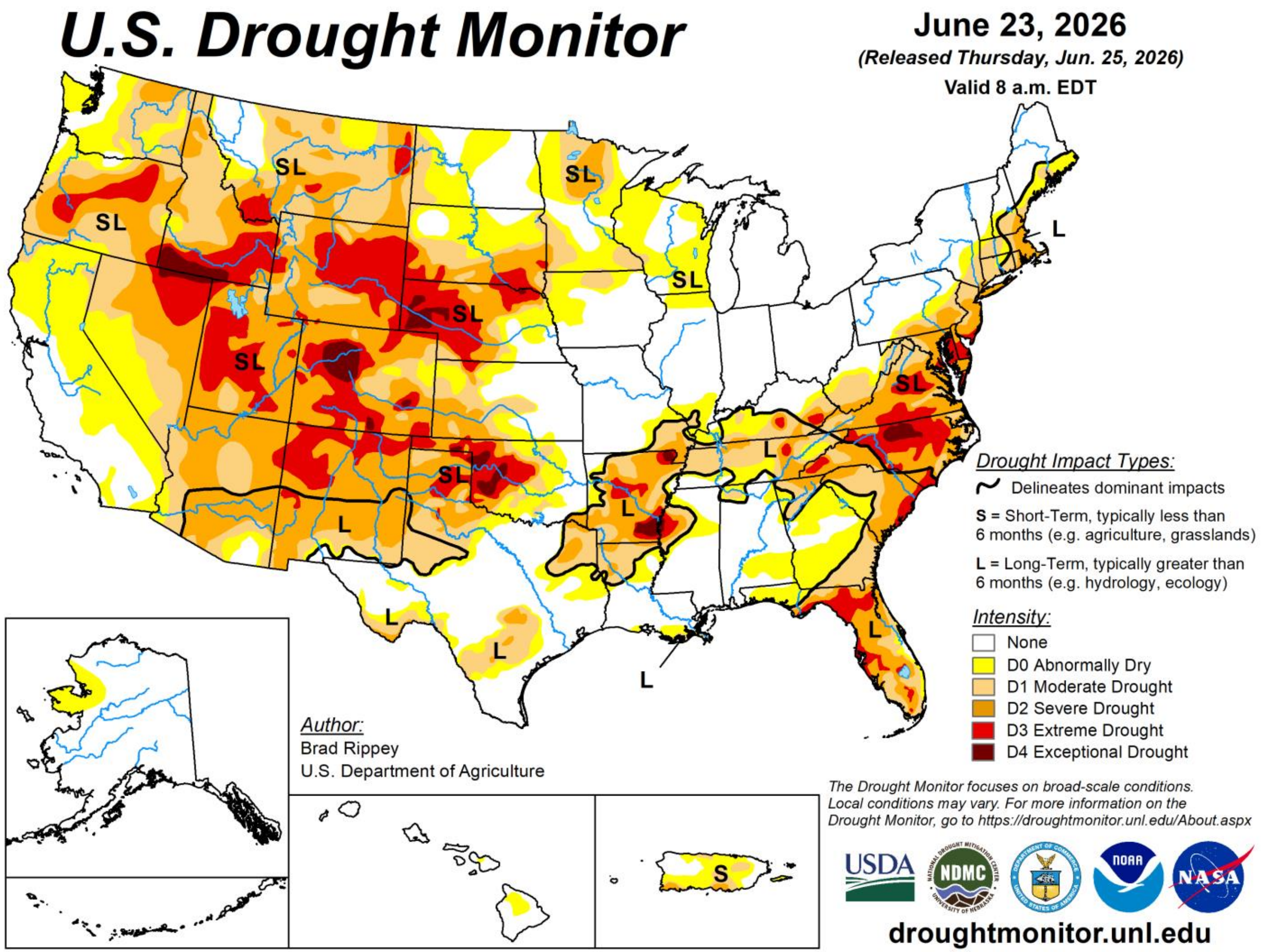
Local Weather Conditions as of June 30, 2026

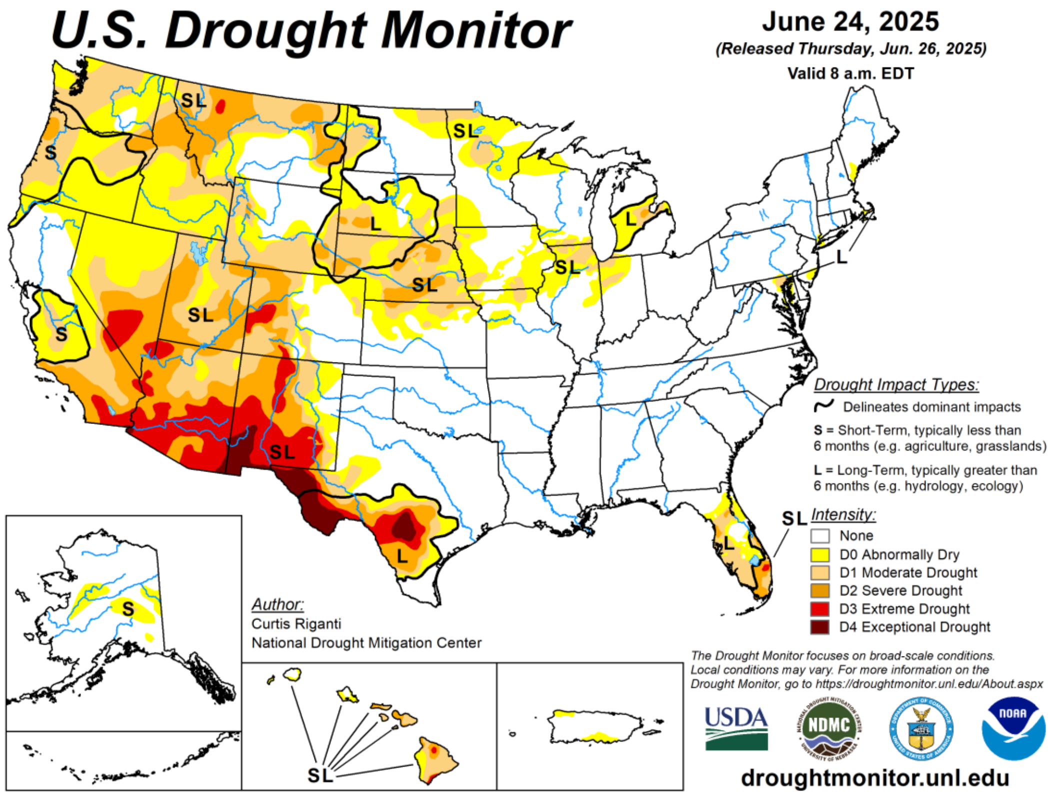
Precipitation (Inches of Moisture)

- June 2026 – 0.69 in. (30% of normal)
- 2026 YTD Total – 4.67 in. (66% of normal)

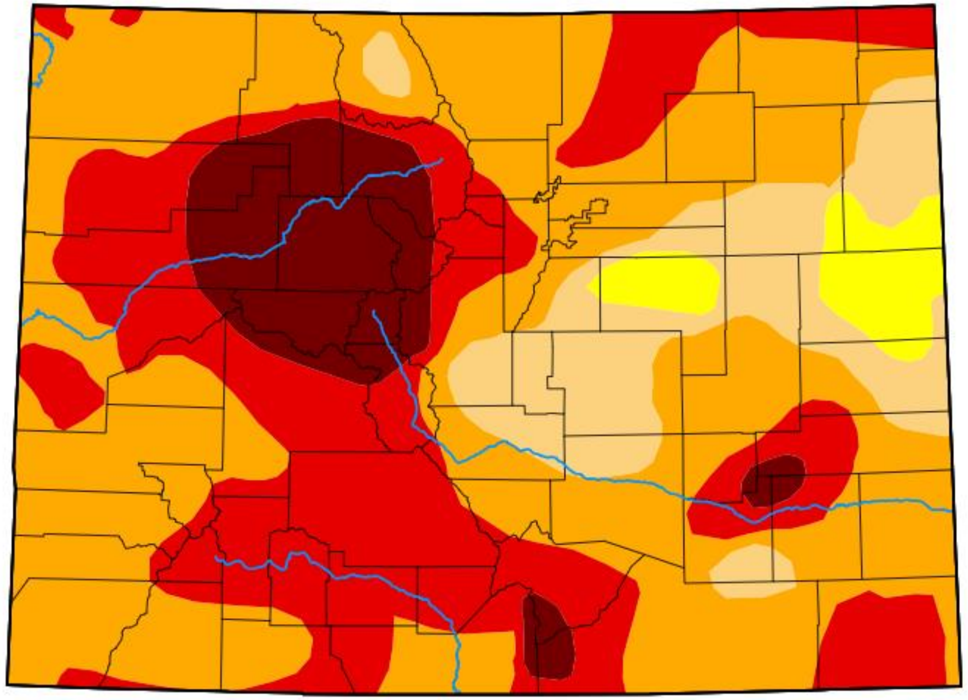
Average Temperature

- June 2026 – 69.6 °F (2.4 °F above normal)
- 2026 YTD Average – 50.1 °F (3.7 °F above normal)


U.S. Drought Monitor
June 23, 2026
(Released Thursday, Jun. 25, 2026)
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
Author:
Brad Rippey
U.S. Department of Agriculture
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
droughtmonitor.unl.edu


U.S. Drought Monitor
June 24, 2025
(Released Thursday, Jun. 26, 2025)
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
Author:
Curtis Riganti
National Drought Mitigation Center
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
droughtmonitor.unl.edu

Colorado



Map released: Thurs. June 25, 2026

Data valid: June 23, 2026 at 8 a.m. EDT

Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

Authors

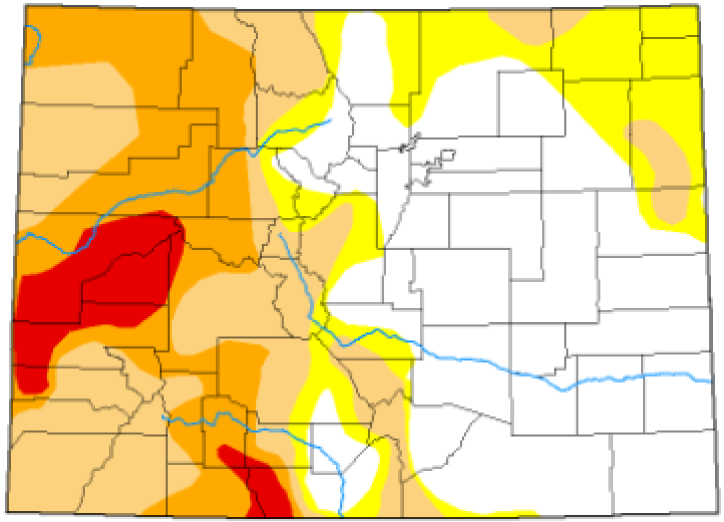
United States and Puerto Rico Author(s):

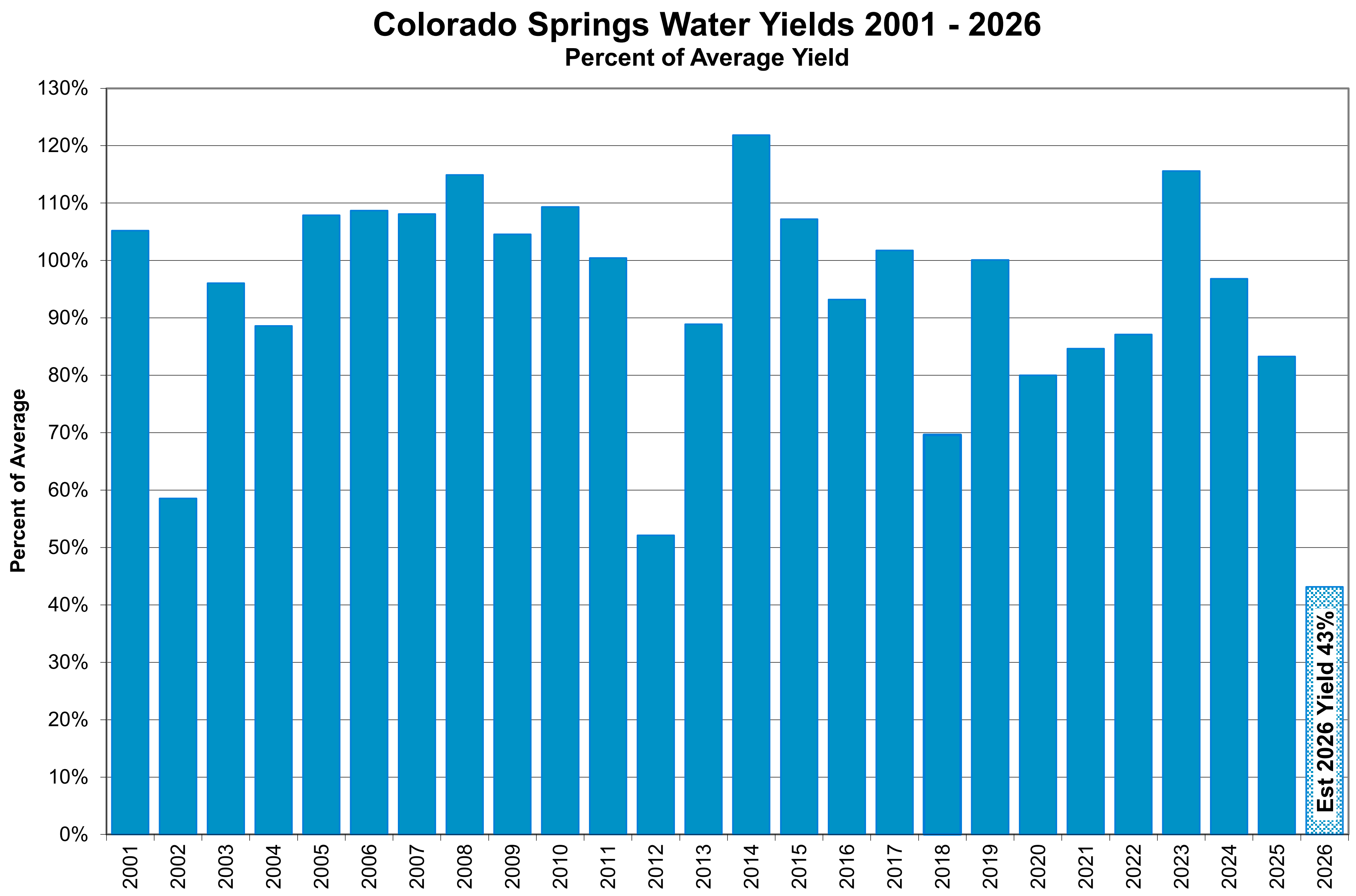
Brad Rippey, U.S. Department of Agriculture

Pacific Islands and Virgin Islands Author(s):

Richard Tinker, NOAA/NWS/NCEP/CPC

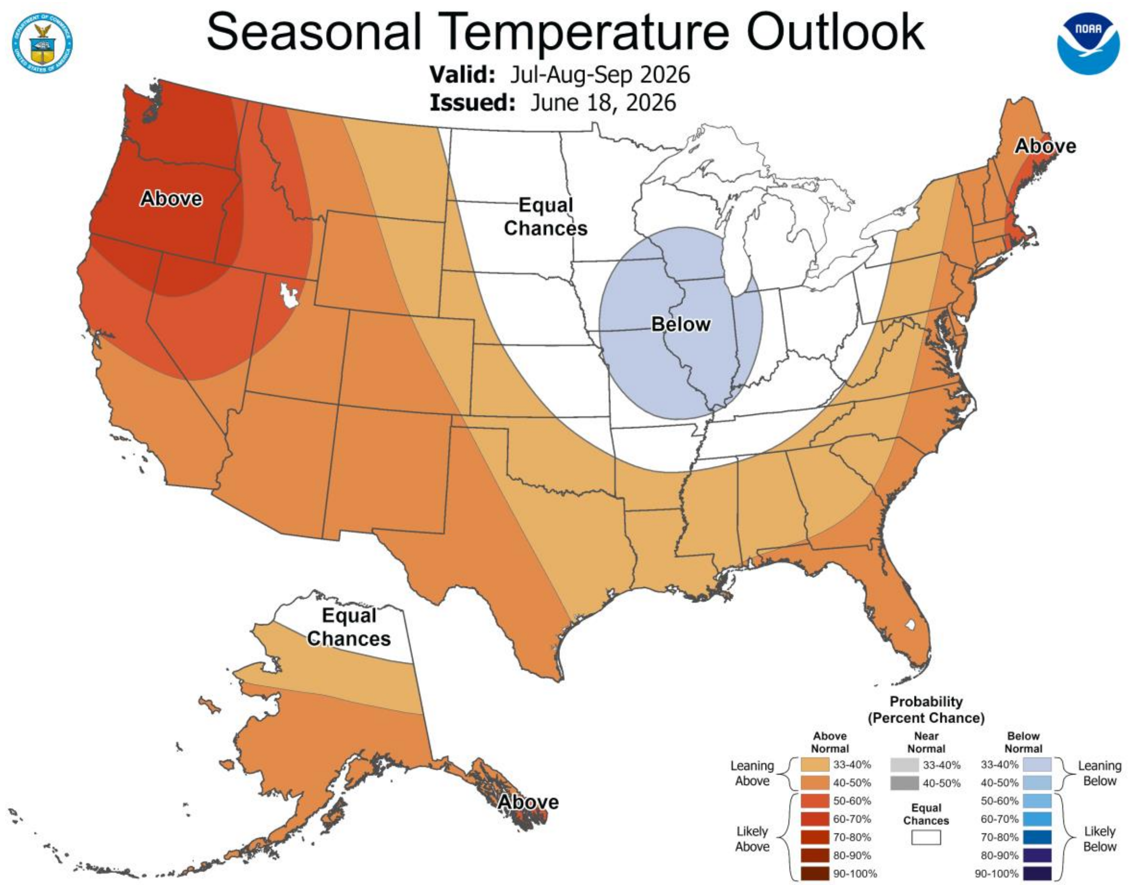
June 2025

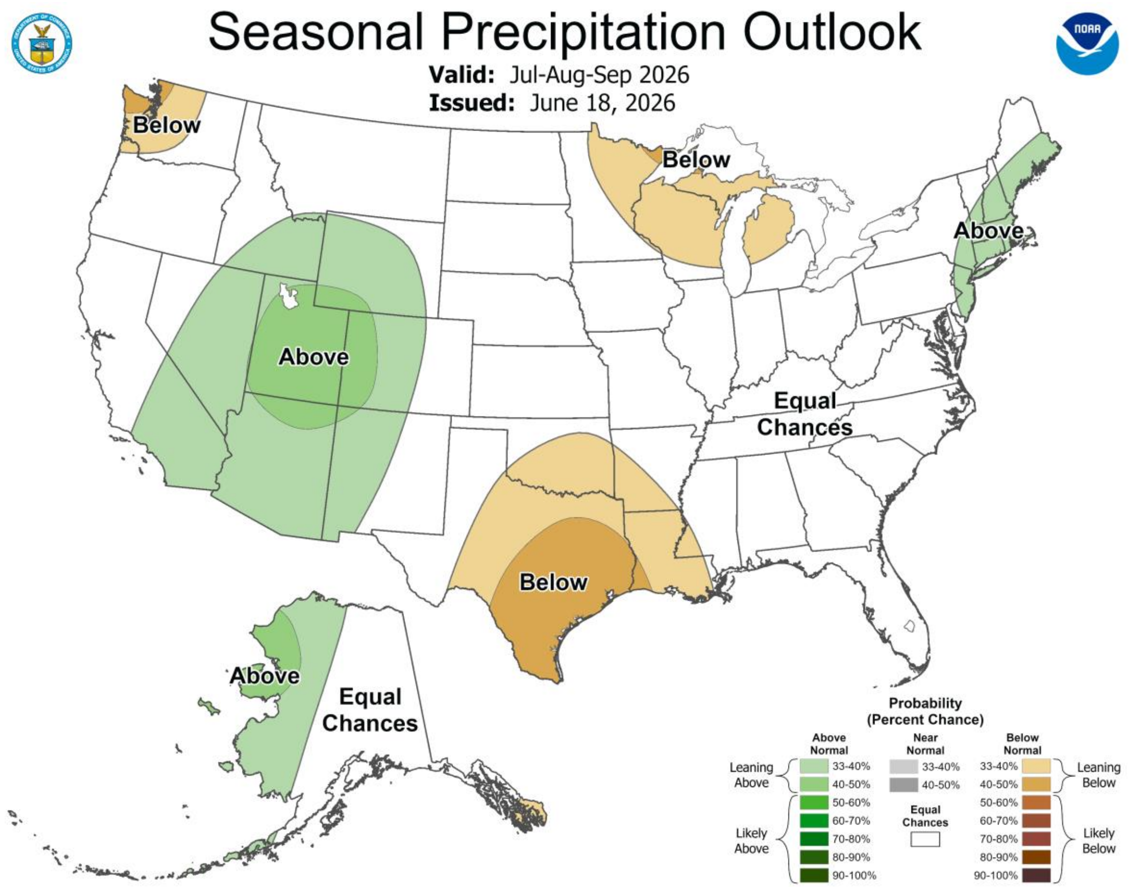


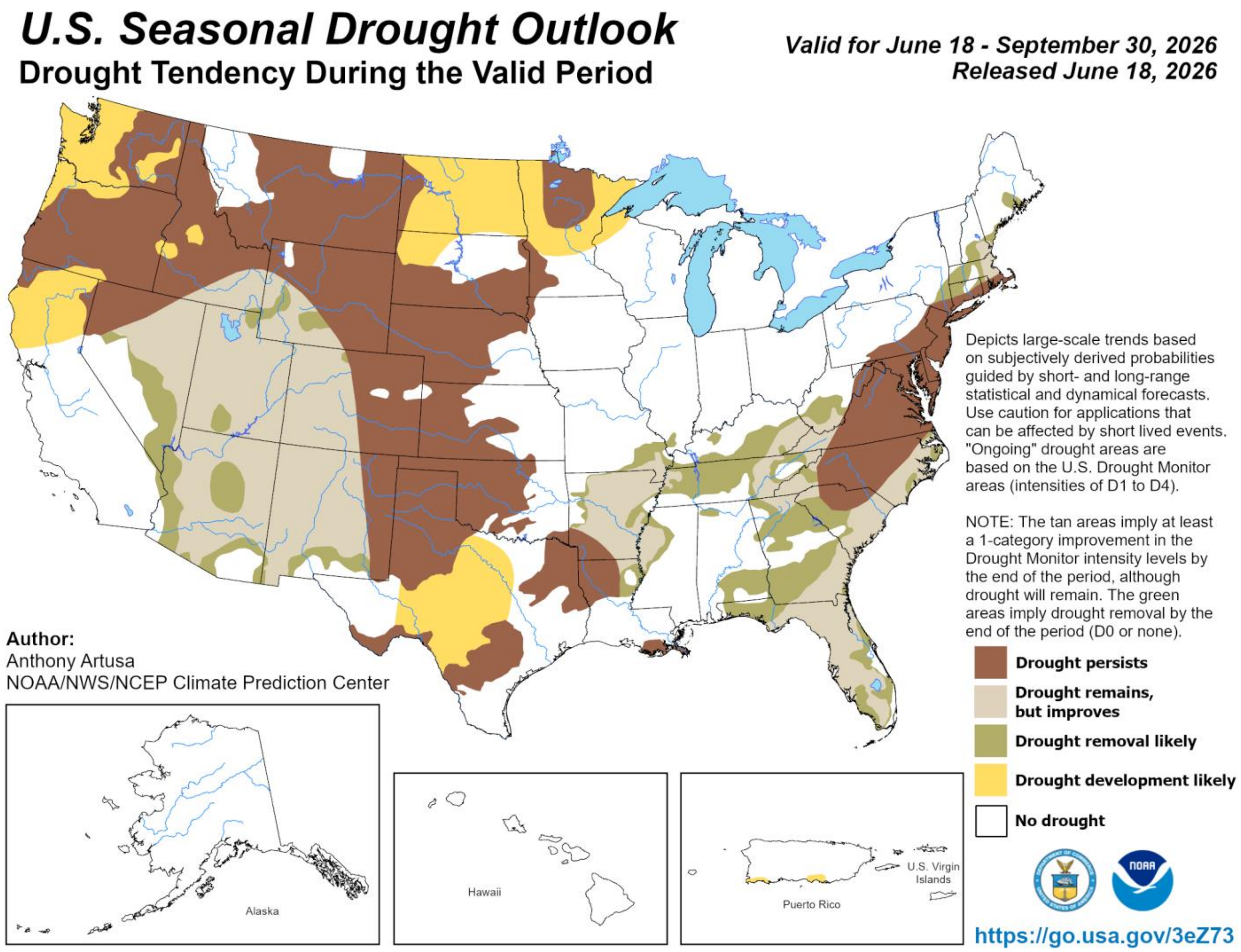

Colorado Springs Water Yields 2001 - 2026
Percent of Average Yield
Percent of Average
130%
120%
110%
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Est 2026 Yield 43%

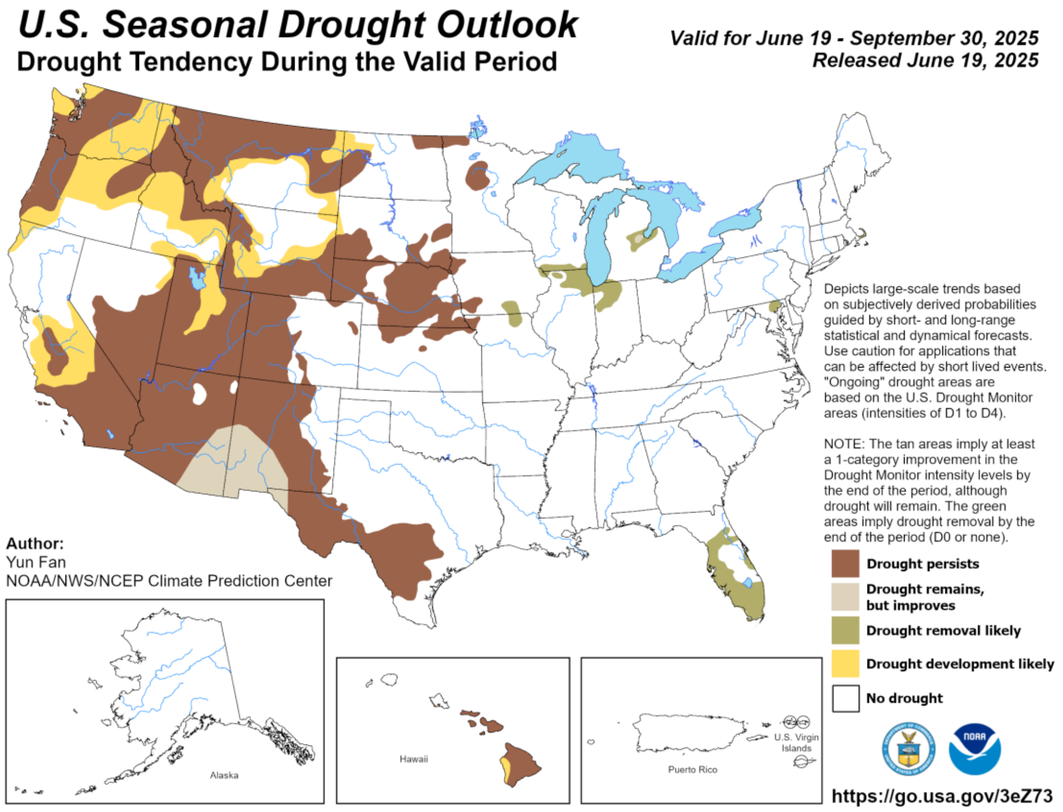
Seasonal Outlook

Climate Prediction Center






U.S. Seasonal Drought Outlook
Drought Tendency During the Valid Period
Valid for June 18 - September 30, 2026
Released June 18, 2026
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
No drought
Author:
Anthony Artusa
NOAA/NWS/NCEP Climate Prediction Center
Alaska
Hawaii
Puerto Rico
U.S. Virgin Islands
https://go.usa.gov/3eZ73


U.S. Seasonal Drought Outlook
Drought Tendency During the Valid Period
Valid for June 19 - September 30, 2025
Released June 19, 2025
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
No drought
Author:
Yun Fan
NOAA/NWS/NCEP Climate Prediction Center
Alaska
Hawaii
Puerto Rico
U.S. Virgin Islands
https://go.usa.gov/3eZ73

2026 Demands

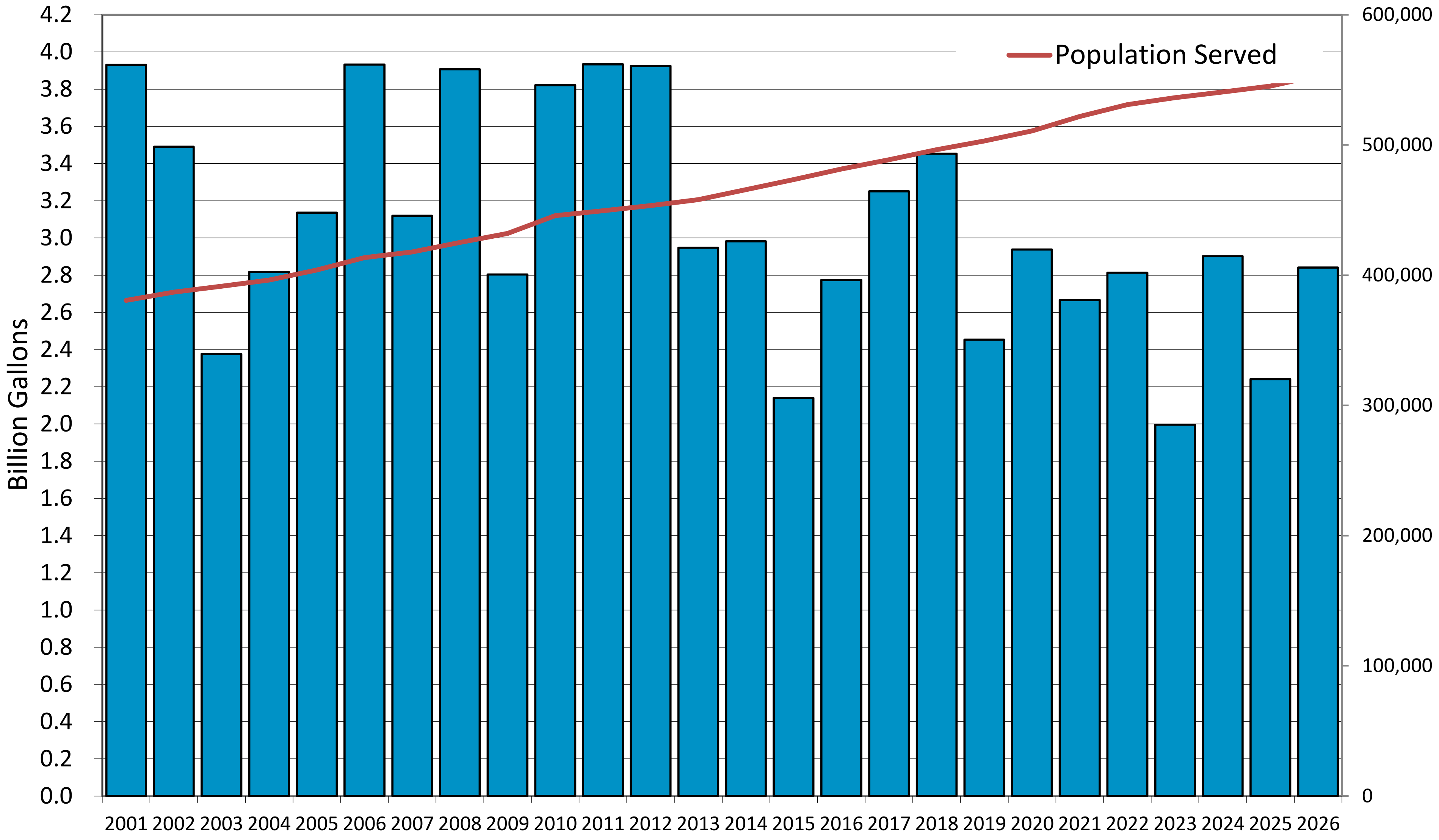
June 2026

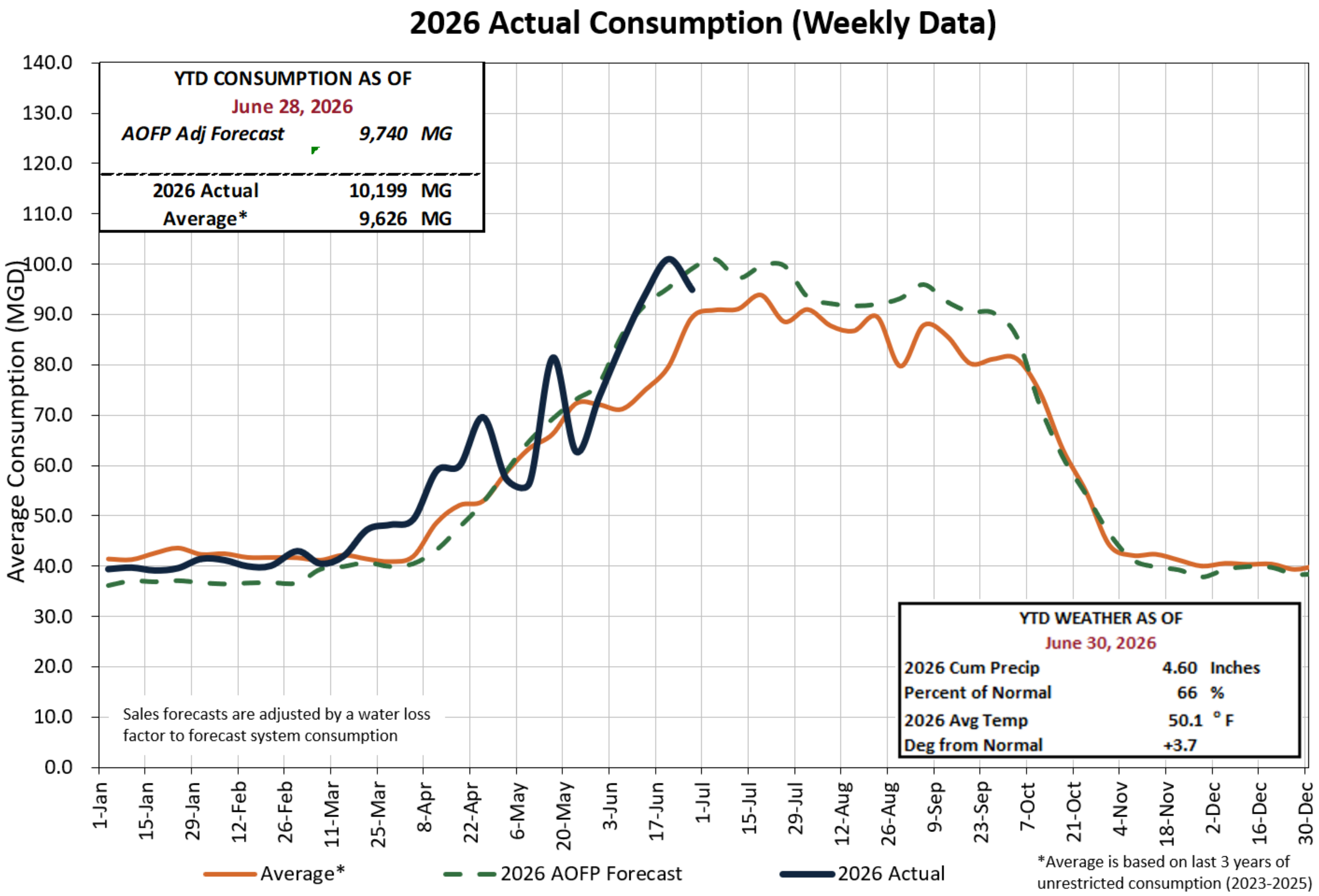
- Averaged 94.7 MGD
- 26.7% more than June 2025

2026 Year to Date through June 30

- Averaging 57.7 MGD, 10.5 BG total
  - 9.1% higher compared to the same time in 2025
  - 0.87 Billion Gallons more than 2025

Monthly Water Use for June




2026 Actual Consumption (Weekly Data)
YTD CONSUMPTION AS OF
June 28, 2026
AOFP Adj Forecast 9,740 MG
2026 Actual 10,199 MG
Average* 9,626 MG
Average Consumption (MGD)
140.0
130.0
120.0
110.0
100.0
90.0
80.0
70.0
60.0
50.0
40.0
30.0
20.0
10.0
0.0
Sales forecasts are adjusted by a water loss factor to forecast system consumption
YTD WEATHER AS OF
June 30, 2026
2026 Cum Precip 4.60 Inches
Percent of Normal 66 %
2026 Avg Temp 50.1 °F
Deg from Normal +3.7
1-Jan
15-Jan
29-Jan
12-Feb
26-Feb
11-Mar
25-Mar
8-Apr
22-Apr
6-May
20-May
3-Jun
17-Jun
1-Jul
15-Jul
29-Jul
12-Aug
26-Aug
9-Sep
23-Sep
7-Oct
21-Oct
4-Nov
18-Nov
2-Dec
16-Dec
30-Dec
Average*
2026 AOFP Forecast
2026 Actual
*Average is based on last 3 years of unrestricted consumption (2023-2025)

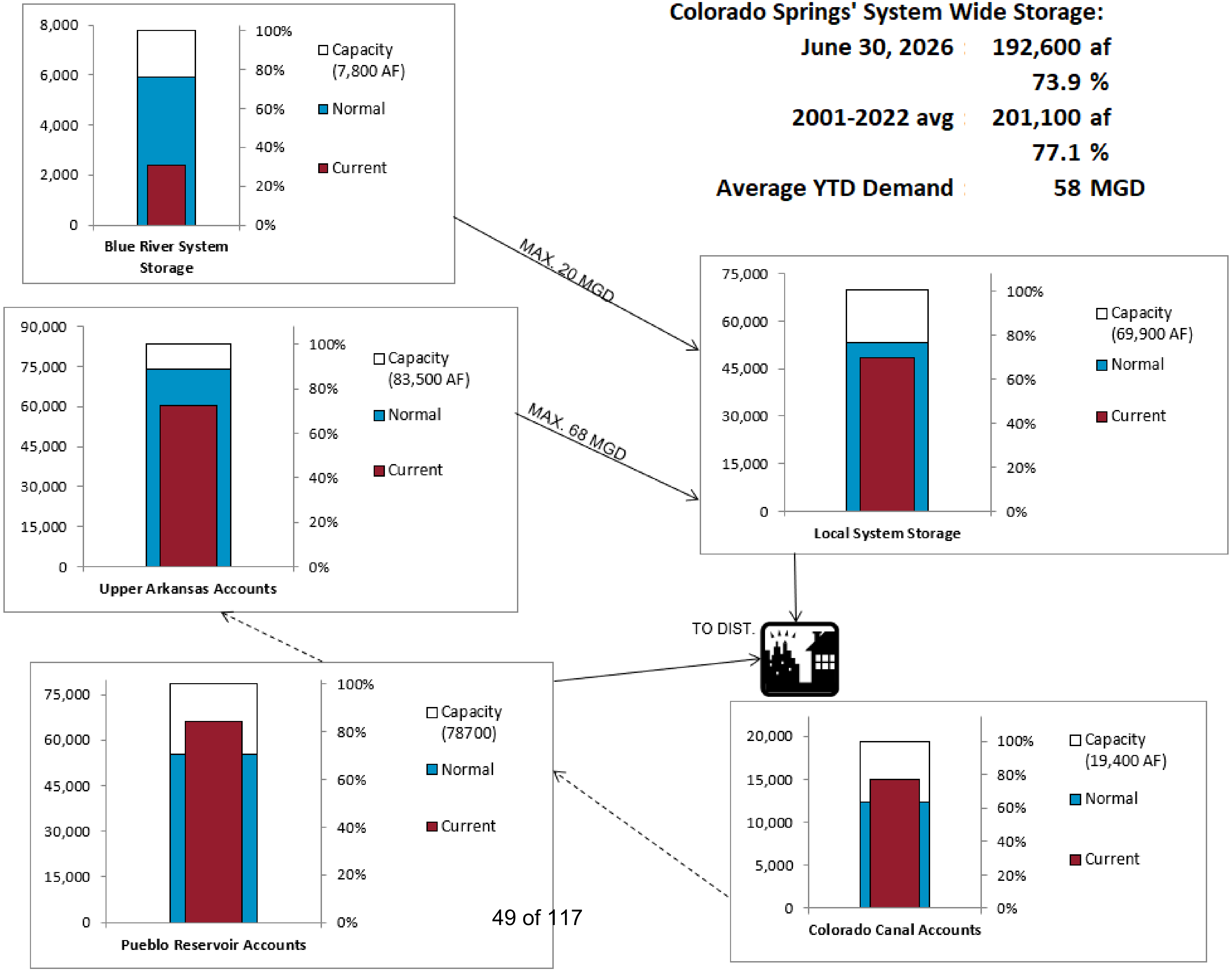
Reservoir Levels

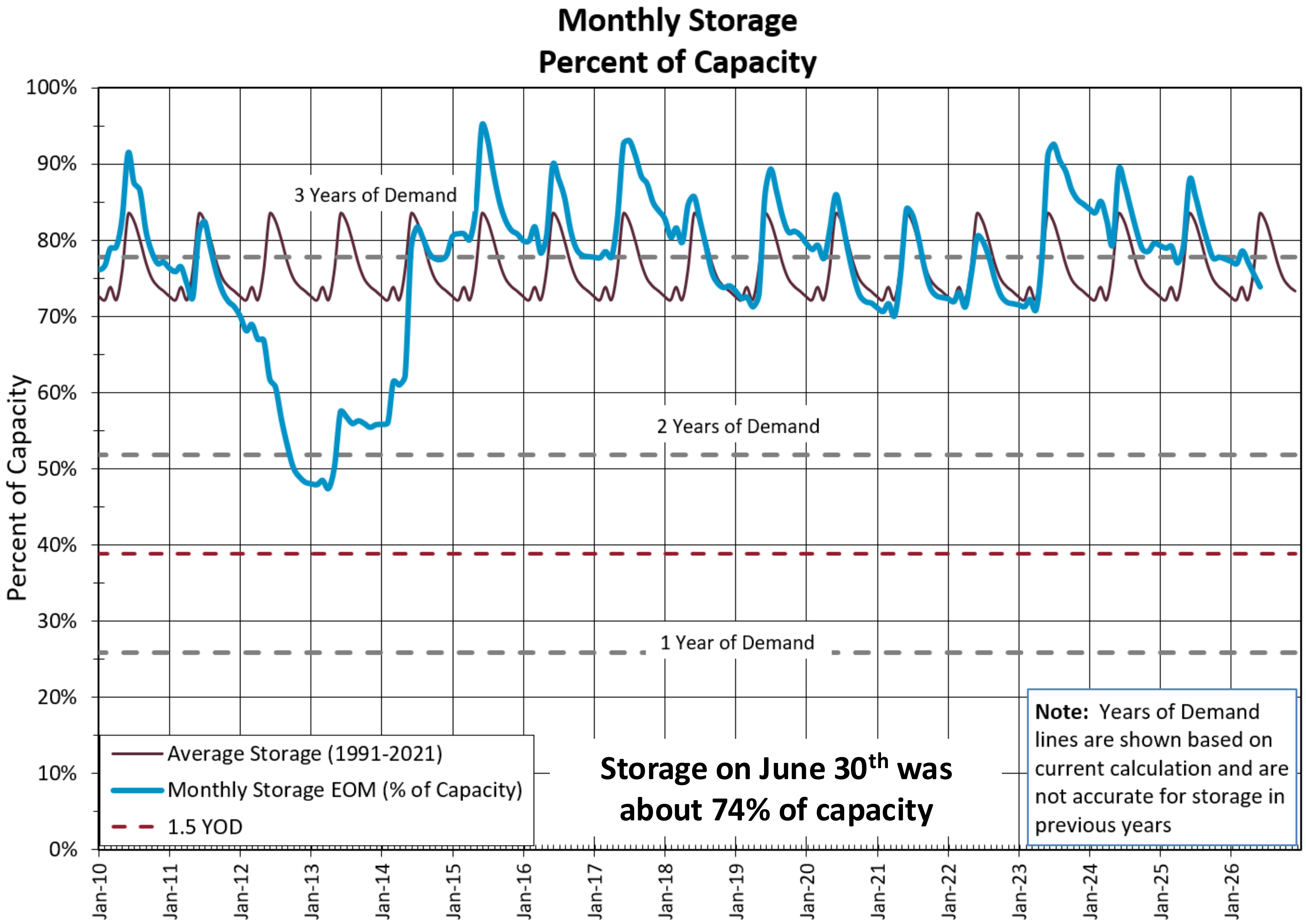
June 30, 2026

- Pikes Peak 43 %
  - 91-20 Avg. 71 %
- Rampart 84 %
  - 91-20 Avg. 84 %
- Local Total 69 %
  - 91-20 Avg. 79 %
- System Total 74 %
  - 91-20 Avg. 84 %

Colorado Springs' System Wide Storage:

June 30, 2026	**192,600 af**
	73.9 %
2001-2022 avg	**201,100 af**
	77.1 %
Average YTD Demand	**58 MGD**




Monthly Storage
Percent of Capacity
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Percent of Capacity
3 Years of Demand
2 Years of Demand
1 Year of Demand
Average Storage (1991-2021)
Monthly Storage EOM (% of Capacity)
1.5 YOD
Storage on June 30th was about 74% of capacity
Note: Years of Demand lines are shown based on current calculation and are not accurate for storage in previous years
Jan-10
Jan-11
Jan-12
Jan-13
Jan-14
Jan-15
Jan-16
Jan-17
Jan-18
Jan-19
Jan-20
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26

Water Outlook

Situation Outlook Summary

- System-wide storage is at 73.9% of capacity which equates to about 2.8 years of demand in storage
- This year’s snowpack in our mountain watersheds was at record lows
- Streamflows and soil moisture conditions remain below normal in the Colorado and Arkansas River basins

Three-month outlook predictions

- Across the state of Colorado, there is an elevated likelihood of experiencing above normal temperatures and increased chances of above normal precipitation

We continue to monitor snowpack, demand, and storage to maximize available water supply

Operational Notes

Storage Conditions

- Mason Reservoir and South Suburban Reservoir remain restricted for maintenance.

Colorado River Update

- Seven basin states did not reach agreement on new operating rules.
- The Bureau of Reclamation is moving forward with a federal guideline proposal.
- Colorado Springs Utilities continues submitting input through the Front Range Water Council.
- We maintain that any solution must reflect hydrologic reality: less water in, means less water out.


Colorado Springs Utilities
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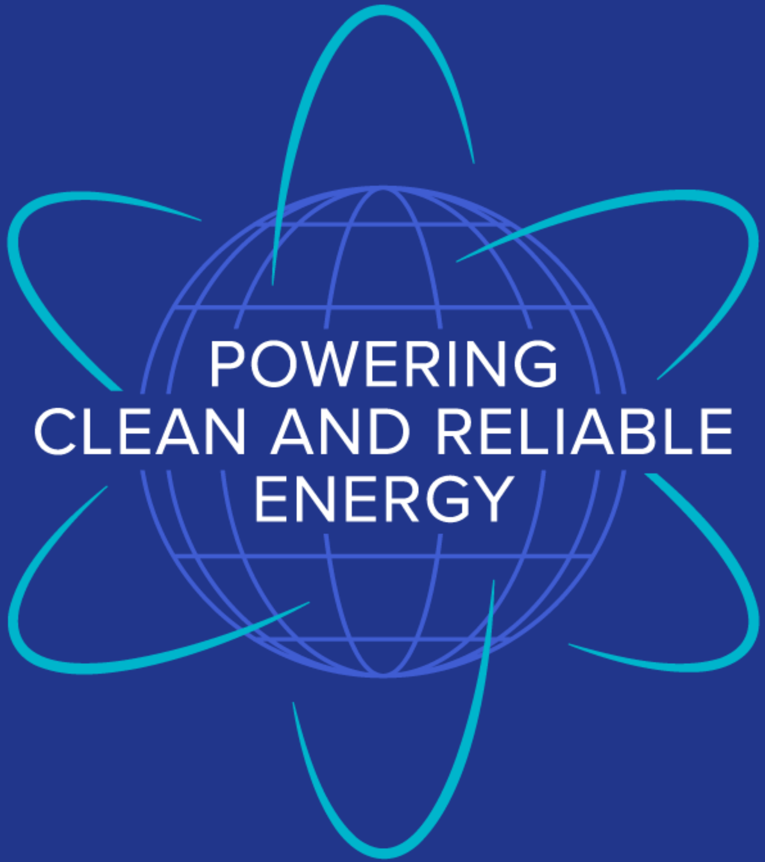
Clearing the Path for New Nuclear

Colorado Springs Utilities Board of Directors Meeting

Marc Nichol
VP, Nuclear Deployment & Fuel Cycle

July 22, 2026



Types of Advanced Reactors

Range of sizes and features to meet diverse market needs*

Learn more about innovative technologies with the Nuclear Innovation Alliance.

Water Cooled | **Non-Water Cooled** | **Either**

Westinghouse AP1000®
(shown)
GE ABWR
GE ESBWR

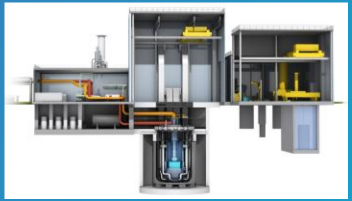
Large

GEH BWRX-300
(shown)
NuScale
Holtec SMR-300
Westinghouse AP300

High Temp Gas Reactors

X-energy
(shown)
General Atomics

Liquid Metal Reactors



TerraPower Natrium™
(shown)
ARC Clean Energy

Molten Salt Reactors

Kairos Hermes
(shown)
Terrestrial
Natura Resources

Small Modular Reactors

Aalo (shown)
BWXT
Oklo
Radiant
(many others)

Micro

*Does not represent all designs, but only a short list of examples.

NUCLEAR ENERGY INSTITUTE

POWERING CLEAN AND RELIABLE ENERGY

System Benefits of Advanced Nuclear Energy

Long term price stability	• Low fuel and operating costs
Reliable dispatchable generation	• 24/7, years between refueling (Capacity factors >92%)
Efficient use of transmission	• Land utilization <0.1 acre/TWh (Wind =1,125 acre/TWh; Solar 144 acre/TWh)
Environmentally friendly	• Zero-carbon emissions, one of lowest total carbon footprints • Many SMRs are being designed with ability for dry air cooling
Integration with renewables and storage	• Paired with heat storage and able to quickly change power
Black-start and operate independent from the grid	• Resilience for mission critical activities • Protect against natural phenomena, cyber threats and EMP

Source: SMR Start, *SMRs in Integrated Resource Planning*

Lowest System Cost Achieved by Enabling Large Scale New Nuclear Deployment

Lowest Cost System

Nuclear is 43% of generation (>300 GW of new nuclear)

Wind and solar are 50%

Both scenarios are successful in reducing electricity grid GHG emissions by over 95% by 2050 and reducing the economy-wide GHG emissions by over 60%

Energy System with Nuclear Constrained

Wind and Solar are 77% of generation

Nuclear is 13% (>60 GW of new nuclear)

Increased cost to customers of $449 Billion

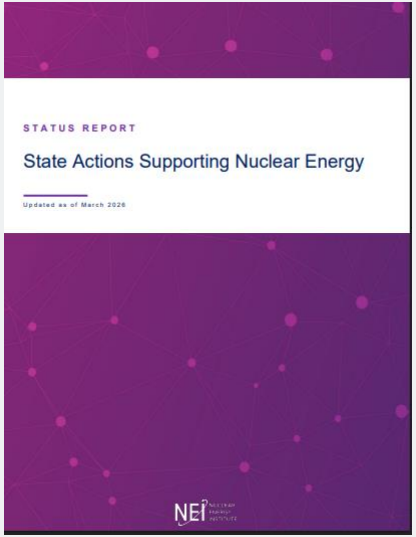
Source: Vibrant Clean Energy: https://www.vibrantcleanenergy.com/media/reports/

Federal Legislation for Nuclear Energy

117th Congress (2021-2022)	118th Congress (2023-2024)	119th Congress (2025-2026)
Infrastructure Investment and Jobs Act $6 billion for the Civil Nuclear Credit Program $2.4 billion to fund ARDP awards from FY 2022 through 2025 **Inflation Reduction Act** Nuclear Production Tax Credit New Clean Generation Investment and Production Tax Credits $700 million for domestic production of high-assay low-enriched uranium ("HALEU")	**Nuclear Fuel Security Act** LEU/HALEU domestic production authorizing legislation contained in FY 2024 National Defense Authorization Act (NDAA) **FY 2024 Appropriations Legislation** $2.72 Billion for domestic fuel production (March 9, 2024) Additional $800 Million for Small Modular Reactors **40 Year Reauthorization of the Price-Anderson Indemnification Act** **ADVANCE Act**	**Budget Reconciliation** Retention of nuclear tax credits **NRC Commissioner Confirmation** **Ongoing:** **ARC Act** **Updated Nuclear Tax Policies** **Export-Import Bank Reauthorization** **FY27 Appropriations** **ADVANCE Act Implementation**

Examples of 2026 State Actions

- 250+ bills introduced
- 13 Governors include nuclear in State of the State
- Moratorium repeal in Illinois and New Jersey
- New York Governor committing 5 GWe of new nuclear
- Illinois Governor announcing 2 GWe of new nuclear, Legislature creating nuclear caucus
- Texas Advanced Nuclear Office (TANEO) Preparing Awards of $350M
- Iowa, New Jersey, and Missouri announced nuclear task forces
- The six New England Governors released joint statement in support of advanced nuclear and current fleet



NEI's annual update on state legislation, regulations, and executive orders supporting nuclear
https://www.nei.org/resources/reports-briefs/state-legislation-and-regulations

State Options to Support Advanced Nuclear

- Reliability Portfolio Standards
- Value-based market/regulatory system
- Tax incentives (e.g., property)
- Advanced cost recovery
- Workforce and infrastructure

State Policy Options: https://www.nei.org/resources/reports-briefs/policy-options-for-states-to-support-new-nuclear

NEI

Scan to view state policy options.

Source NARUC/NASEO: https://pubs.naruc.org/pub/8C96325F-CF7E-90BE-F8B3-B07570F3953B

Large Customers are Taking Action to Enable New Nuclear

- More than 45 GWe of Tech/Data Center Commitments with Nuclear Companies

Customers

amazon
DIGIPOWER X
ENDEAVOR ENERGY
EQUINIX
GREEN ENERGY PARTNERS WATER TO ENERGY
Google
Meta
GRIDMARKET
ORACLE
prometheus HYPERSCALE
sabey Data Centers
StandardPower
switch

Advanced Nuclear Designers

DEEP FISSION
NANO Nuclear Energy Inc.
DEPLOYABLE.energy
Kairos Power
NUSCALE Power for all humankind
LAST ENERGY
OKLO
TerraPower
X energy

Reactor Restarts

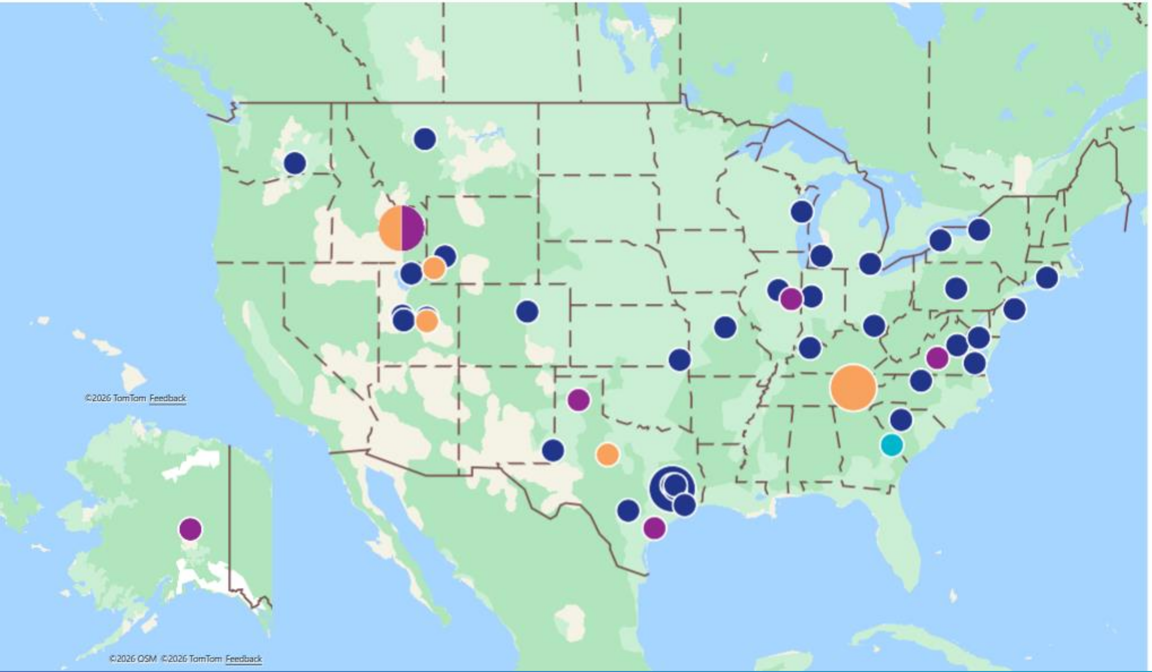
Quote on Crane Clean Energy Center (TMI restart) by PA State Rep. Tom Mehaffie (Courtesy: Constellation)

- Palisades
  - 800 MWe; Prematurely closed in May 2022
  - Broad-based support from federal, state, and community partners to repower
- Crane Clean Energy Center
  - 835 MWe; (Three Mile Island Unit 1) Prematurely closed in Sept. 2019
  - Power purchase agreement with Microsoft
- Duane Arnold
  - 615 MWe; Prematurely closed in Aug. 2020
  - Power purchase agreement with Google
- VC Summer 2 and 3
  - AP1000 Reactors - Stopped Construction

U.S. New Nuclear Deployment Plans

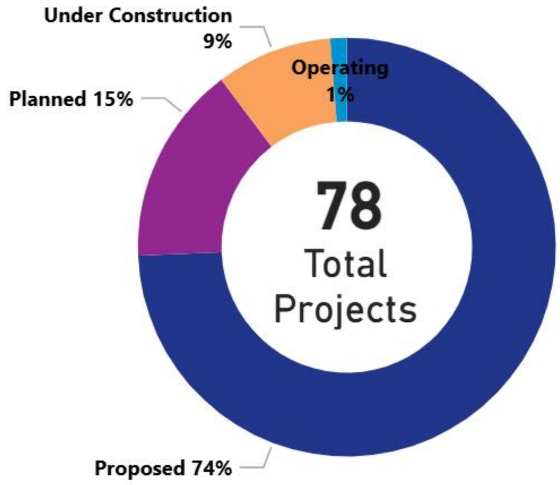
Nearly 80 projects that may be in operation by early 2030s

Status ● Proposed ● Planned ● Under Construction ● Operating



Selected Metric

Projects



https://www.nei.org/advanced-nuclear-energy/advanced-nuclear-project-map

Updated 04/30/2026

NEI NUCLEAR ENERGY INSTITUTE

POWERING CLEAN AND RELIABLE ENERGY

QUESTIONS?

Board Memo Agenda Item
Staff Report

Date: (Date of Utilities Board Meeting)	July 22, 2026
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	The Acquisition of Real Property at 37433 County Road 371 in Buena Vista, Colorado to be used for the Homestake Water Project
NARRATIVE:	
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information
Executive Summary:	The Homestake Water Project is a collaborative trans-mountain water system jointly owned by the City of Aurora and Colorado Springs Utilities, which includes the Homestake Reservoir, Homestake Tunnel, Otero Pump Station and the Homestake Pipeline. The Homestake Steering Committee is a joint governance body made up of representatives from the City of Aurora and Colorado Springs Utilities that oversee the Homestake Water Project The Homestake Water Project seeks to acquire a 22.8-acre parcel adjacent to the Otero Pump Station. The existing Otero Pump Station site is fully built out, leaving no remaining space for essential improvements or future operational needs. Acquiring the adjacent parcel would provide several key advantages for the Homestake Water Project: 1) dedicated storage space for pipe, materials, and equipment; 2) sufficient area to construct a storage building that protects critical components from weather exposure; 3) a long-term laydown zone to support upcoming and future project activities; 4) temporary accommodations for new personnel during onboarding; 5) overnight facilities for project support staff during construction or maintenance operations. Additionally, a portion of the Homestake pipeline and the lower access road to the Otero Pump Station already lie within the boundaries of this parcel, making its acquisition operationally strategic. The Homestake Steering Committee has reviewed and approved the request to move forward with purchasing the property. Pursuant to the provisions of the Colorado Springs City Charter, the City is empowered to acquire real property necessary for Utilities' projects. 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* (the "RES Manual") provides that if the total acquisition amount is greater than $100,000, City Council must approve the acquisition amount and if the property is to be used for Utilities-purposes, Utilities Board must review and make a recommendation on the purchase. Utilities is requesting authorization from Utilities Board and City Council to acquire the real property located at 37433 County Road 371 in Buena Vista, Colorado for a purchase price of $1,400,000 which is supported by a real estate appraisal conducted by an independent real estate appraiser.

Benefits:	Provide a space for protecting equipment and pipeline maintenance supplies, provide temporary lodging for new hires or project support personnel, and provide a laydown area for future projects.
Board Policy: If this impacts one of the board policies, indicate that here.	Click or tap here to enter text.
Cost / Budget: Include the projected cost or budget here.	The total acquisition amount of $1.4 million. **Colorado Springs Utilities portion is ~$750,000.** The money is already in the budget for this purchase. The City of Aurora will pay the remainder of the cost.
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	City of Aurora and Colorado Springs Utilities
Alternatives:	Click or tap here to enter text.

Submitter:	Jessica Davis	Email Address:	jedavis@csu.org
Division:	EWO	Phone Number:	719-668-7581
Department:	CMD	Date Submitted:	July 2, 2026

SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No	Item Number 14

ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.

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

A Resolution Authorizing the Acquisition of Real Property at 37433 County Road 371 in Buena Vista, Colorado for the Homestake Water Project

Jessica Davis
Land Resource Manager
July 22, 2026

Homestake Water Project

- A collaborative trans-mountain water system jointly owned by the City of Aurora and Colorado Springs Utilities.
- Includes the Homestake Reservoir, Homestake Tunnel, Otero Pump Station, and the Homestake Pipeline
- The Homestake Steering Committee is a joint governance body made up of representatives from the City of Aurora and Colorado Springs Utilities
- The Homestake Steering Committee oversees the Homestake Water Project

Homestake Reservoir

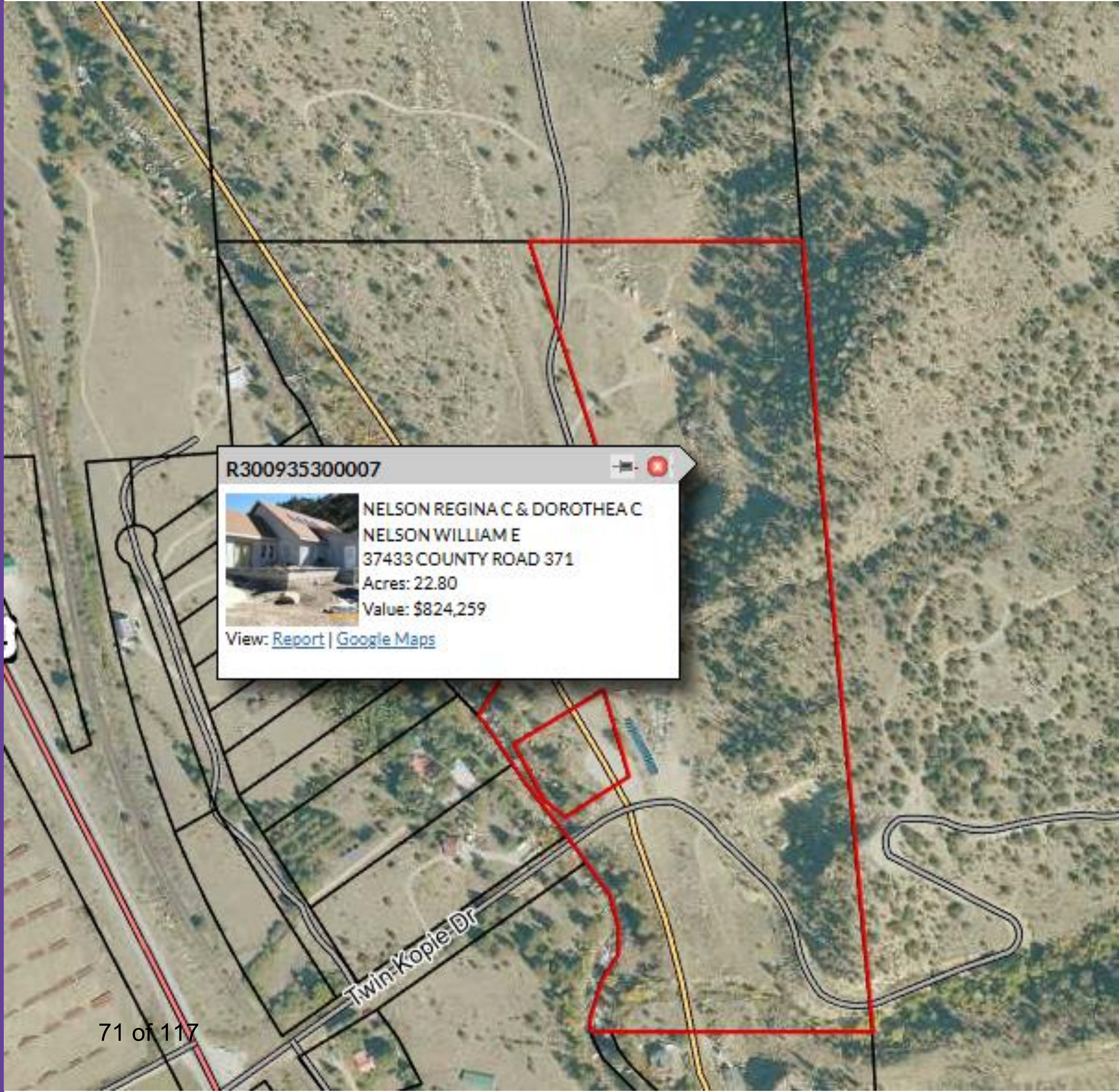
Reasons to Purchase this Property

- Area to store pipe and equipment
- Room to build a storage building to keep critical components out of the weather
- Laydown area for future projects
- Temporary accommodation for new hires
- Overnight accommodation for project support personnel
- Not a lot of available property to purchase in this area
- Utilities access road runs through this property

Vicinity Map

Property Information

- Owners: Regina, Dorothea, and William Nelson
- APN: 300935300007 (Chaffee County)
- 22.8 acres
- Sale Price: $1.4 million
  - **CSU's cost = ~$750,000** (already included in budget)
- Price supported by an independent appraisal



Action Requested

- Request for item to be added to the August 11, 2026, Formal City Council agenda.
- Request for item to be added to the consent calendar for the formal meeting.


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

RESOLUTION NO. ______ - 26

A RESOLUTION AUTHORIZING THE ACQUISITION OF REAL PROPERTY KNOWN AS CHAFFEE COUNTY TAX SCHEDULE NUMBER 300935300007 OWNED BY REGINA, DOROTHEA, AND WILLIAM NELSON TO BE USED FOR THE HOMESTAKE WATER PROJECT

WHEREAS, certain real property located at 37433 County Road 371, Buena Vista, Colorado, identified as Chaffee County Tax Schedule Number 300935300007 (“Property”) and owned by Regina, Dorothea, and William Nelson, has been identified as necessary for the Homestake Water Project (“Project”); and

WHEREAS, the City of Colorado Springs (“City”) on behalf of its enterprise Colorado Springs Utilities (“Utilities”) and the City of Aurora (“Aurora”) on behalf of the Homestake Water Project desires to purchase the Property which is approximately 22.8 acres and the property owner desires to sell the Property to the City for a purchase price of $1,400,000, which 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* (“RES Manual”), City Council approval is required for acquisitions of real property interests if the purchase price exceeds $100,000; and

WHEREAS, Utilities requests the approval of City Council to purchase the Property for a purchase price of $1,400,000.

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

Section 1. That City Council hereby finds the acquisition of the Property to be in compliance with the RES Manual, the City Charter, City Code, and all other applicable laws.

Section 2. That in accord with the RES Manual, the City Council hereby authorizes the acquisition of the Property for the purchase price of $1,400,000.

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 ______, 2026.

ATTEST:

____
Lynette Crow-Iverson, Council President

____
Sarah B. Johnson, City Clerk

Board Memo Agenda Item
Staff Report

Date: (Date of Utilities Board Meeting)	July 22, 2026
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	A Resolution Authorizing Colorado Springs Utilities to Apply for a Workers' Compensation Self-Insurance Permit and a Certificate of Self-Insurance for Automobile Insurance
NARRATIVE:	
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information
Executive Summary:	This resolution authorizes Colorado Springs Utilities to pursue self-insurance for both workers' compensation and automobile liability coverage rather than continuing to rely on the City of Colorado Springs as its insurance carrier. To accomplish this, the resolution grants authorization for Colorado Springs Utilities to take all necessary steps to apply for and obtain a workers' compensation self-insurance permit from the Colorado Department of Labor and Employment and a certificate of self-insurance for automobile insurance from the Colorado Department of Regulatory Affairs, Division of Insurance. The resolution formalizes Board approval required by state regulators and supports Utilities' transition to managing these insurance obligations independently.
Benefits:	Allows Colorado Springs Utilities to self-insure with the state and save money on insurance costs.
Board Policy: If this impacts one of the board policies, indicate that here.	No Board Policies are impacted.
Cost / Budget: Include the projected cost or budget here.	There is no cost for this.
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	There are no effected parties by this resolution.
Alternatives:	We continue to use the city to provide these insurance policies.

Submitter:	John Hunter	Email Address:	jhunter@csu.org
Division:	Planning and Finance	Phone Number:	719 668-8711
Department:	Financial Planning and Risk	Date Submitted:	July 7, 2026
SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No	Item Number 15	

ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING

Colorado Springs Utilities

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Workers Comp Fund Code Change & Self-Insurance Resolution

John Hunter, Financial Planning and Risk Manager

Utilities Board
July 22, 2026

Self Insurance Resolution

- Utilities requests the Utilities Board approves a resolution allowing them to apply for self-insurance permits as needed.
- This resolution would allow Utilities to self insure through the State.
- A Utilities Board resolution is required by the Department of Labor and Employment (worker compensation) and Department of Insurance (auto) to enter Colorado State self-insurance.

Resolution Presentation Timeline

UB Working Committee

June

→

Utilities Board

July


Colorado Springs Utilities
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RESOLUTION NO. 26-08

A RESOLUTION OF COLORADO SPRINGS UTILITIES BOARD AUTHORIZING COLORADO SPRINGS UTILITIES TO APPLY FOR A WORKERS' COMPENSATION SELF-INSURANCE PERMIT AND A CERTIFICATE OF SELF-INSURANCE FOR AUTOMOBILE INSURANCE

WHEREAS, the Colorado Spring Utilities ("Utilities") is subject to the Workers' Compensation Act of Colorado, codified at C.R.S. §§ 8-40-101 *et seq.,* as amended from time to time (the "Act"); and

WHEREAS, the Act provides that employers may serve as their own insurance carrier, which is commonly referred to as being self-insured, with the permission of the executive director of the Colorado Department of Labor and Employment; and

WHEREAS, Utilities is also required to comply state laws regarding automobile insurance; and

WHEREAS, the Division of Insurance of the Colorado Department of Regulatory Affairs is authorized by C.R.S. § 10-4-624 to issue certificates of self-insurance under certain conditions, which allows a vehicle owner to self-insure in lieu of obtaining insurance from an insurance company to satisfy the legal minimum automobile insurance requirements under state law; and

WHEREAS, the City of Colorado Springs is self-insured and has served as the insurance carrier for Colorado Springs Utilities, as an enterprise of the City of Colorado Springs; and

WHEREAS, Utilities desires to serve as its own insurance carrier, independent of the City of Colorado Springs; and

WHEREAS, in order for Utilities to serve as its own insurance carrier under the Act it must obtain a permit from the Colorado Department of Labor and Employment; and

WHEREAS, the Colorado Department of Labor and Employment requires authorization from an entity's governing body; and

WHEREAS, in order for Utilities to serve as its own insurance carrier for automobile insurance it must obtain a certificate of self-insurance from the Division of Insurance of the Colorado Department of Regulatory Affairs.

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

Section 1. The Utilities Board hereby authorizes Colorado Springs Utilities to take any steps reasonably necessary to apply for and obtain any self-insurance permits necessary from the Colorado Department of Labor and Employment in order to self-insure under the Act.

Section 2. The Utilities Board hereby authorizes Colorado Springs Utilities to any steps reasonably necessary to apply for and obtain any self-insurance certificates necessary from the Division of Insurance of the Colorado Department of Regulatory Affairs in order to self-insure its obligations under State law concerning automobile insurance.

DATED at Colorado Springs, Colorado, this _______ day of ___________, 2026.

____
Dave Donelson, Chair

ATTEST:

____
Travas Deal, Secretary

Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	July 22, 2026
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	Regional Wastewater Service Agreement with Garden Valley Water and Sanitation District
NARRATIVE:	
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information
Executive Summary:	The Garden Valley Water and Sanitation District is a Colorado Water and Sanitation District that currently provides domestic wastewater collection services to a customer base located within an unincorporated enclave in the southern portion of the City of Colorado Springs. Colorado Springs Utilities currently accepts and treats Garden Valley's wastewater pursuant to an Agreement dated February 3, 2000, which has expired. Springs Utilities and Garden Valley desire for Springs Utilities to continue to accept and treat Garden Valley's wastewater pursuant to the attached proposed Wastewater Treatment Agreement. Approval of the Proposed Agreement is required from both the Utilities Board and City Council. If approved by the Utilities Board, a resolution authorizing the Springs Utilities' CEO to enter into the agreement will be considered by City Council on August 11, 2026.
Benefits:	The Regional Wastewater Service Agreement is consistent with current regional policy and tariffs and will provide a positive revenue benefit to customers.
Board Policy: If this impacts one of the board policies, indicate that here.	Board Instruction 7
Cost / Budget: Include the projected cost or budget here.	Gross revenue under the proposed Regional Wastewater Services Agreement will be approximately $58,000 per year.
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	Utilities and Garden Valley Water and Sanitation District
Alternatives:	N/A

Submitter:	Greg Luchka	Email Address:	gluchka@csu.org
Division:	Customer and Enterprise Services	Phone Number:	(719) 668-1442
Department:	Strategic Customer Relations	Date Submitted:	July 14, 2026
SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No	Item Number 14	

ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING

Colorado Springs Utilities
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Regional Wastewater Treatment Service Agreement with Garden Valley Water and Sanitation District

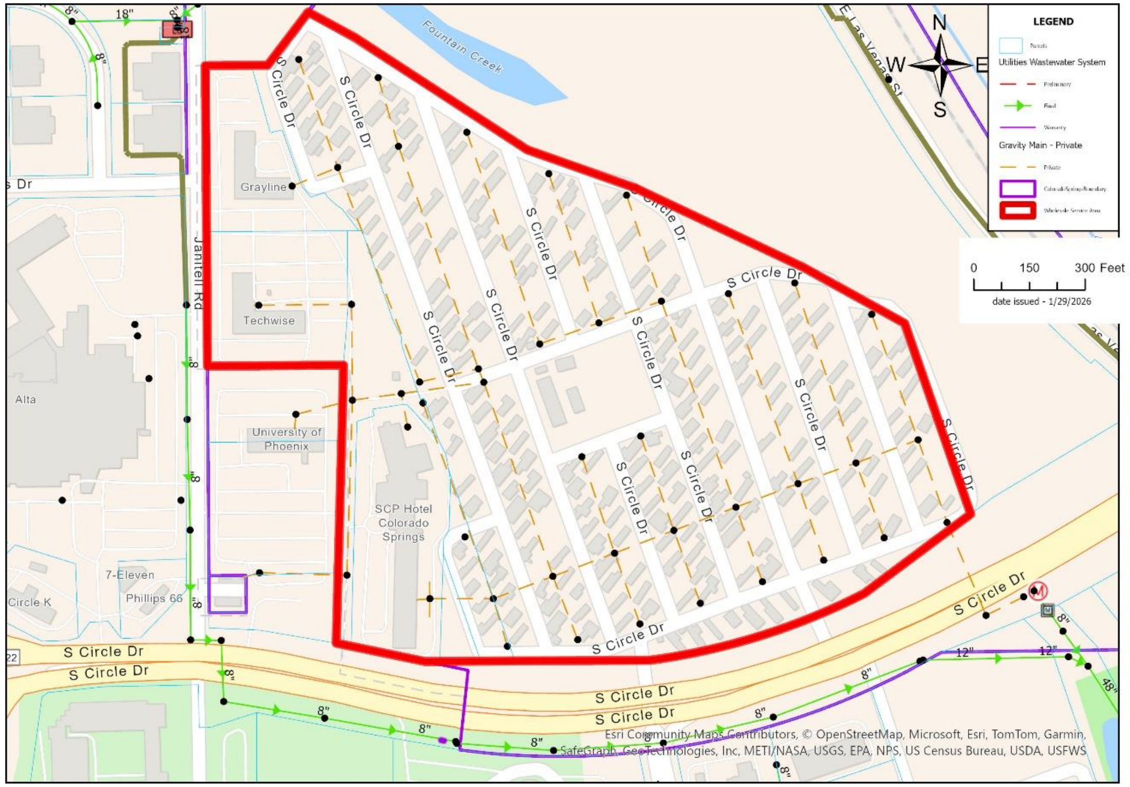
July 22, 2026

Greg Luchka, Principal Account Manager

Sara Yakuba, Environmental Coordinator

Garden Valley Wastewater Service Agreement

- Located in enclave of Colorado Springs
- Serves 7 commercial and approximately 300 residential customers
- Utilities currently treats Garden Valley's wastewater under a February 2000 agreement that has expired



Garden Valley Service Area

Board Policy I-7 & City Code 12.5.304.C

- Revised March 2025 (revision 6)
- All regional service contracts must be approved by the Utilities Board and City Council
- Requirements for Special Contract Wastewater Service (City Code 12.5.304.C)
  1. Wastewater system must be capable of meeting current and future needs for all users, including those under special contracts.
  2. Special contracts must not interfere with wastewater service to in-City customers or existing obligations.
  3. Customers must pay all applicable wastewater system availability and Utilities' fees.
  4. Special contracts shall comply with all applicable restrictions in City Code and applicable permits and agreements.
  5. Customers must secure all necessary contracts, permits, & approvals without impairing Utilities' operations.
  6. Contracts shall comply with discharge prohibitions and limitations.
  7. Contracts may provide for acceptance by Utilities of only normal domestic strength wastewater unless users are subject to additional contracts or authorizations.

Agreement Terms and Conditions

- 25-year term to accept and treat wastewater
- Maximum Allowable Flows of 0.0707 million gallons per day (70,700 gallons per day)
- Utilities may interrupt service if needed
- No negative impact to Utilities
- Utilities may terminate agreement if:
  - Flows exceed allowable limits in agreement
  - Garden Valley’s breach of the agreement

Rate and Revenue

- Consistent with Regional Tariffs and URRs

- Contract Service – Regional (S9C) Rate
  - $0.0396 per cubic foot (2026)
  - Changes consistent with Tariff rate cases
  - Approximately $58,000 in annual revenue

Next Steps

- Vote on whether to move this item forward to City Council.
- Colorado Springs Utilities requests that these items be placed on the Consent Calendar at the August 11, 2026, City Council meeting.


Colorado Springs Utilities
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RESOLUTION NO. _____ -26

A RESOLUTION AUTHORIZING AND DIRECTING THE CHIEF EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO ENTER INTO AN AGREEMENT FOR REGIONAL WASTEWATER TREATMENT SERVICE BETWEEN COLORADO SPRINGS UTILITIES AND THE GARDEN VALLEY WATER AND SANITATION DISTRICT

WHEREAS, City Code § 12.5.304 allows Colorado Springs Utilities (“Springs Utilities”) to provide by contract for the use of or connection to its wastewater system by institutions, plants, districts, governments, municipal corporations, or other similar users; and

WHEREAS, The Garden Valley Water and Sanitation District (“Garden Valley”) is a Colorado Water and Sanitation District that currently provides wastewater collection services to a customer base located within an unincorporated enclave in the southern portion of the City of Colorado Springs (“City”); and

WHEREAS, Garden Valley owns, operates and maintains a wastewater collection system located within Garden Valley’s service area; and

WHEREAS, Springs Utilities currently accepts and treats Garden Valley’s wastewater pursuant to an agreement dated February 3, 2000 which has expired (“Original Agreement”); and

WHEREAS, Springs Utilities and Garden Valley desire for Springs Utilities to continue to accept and treat Garden Valley’s wastewater flows through its wastewater treatment system; and

WHEREAS, Springs Utilities currently has sufficient infrastructure capacity in its wastewater treatment system to provide regional wastewater treatment service to Garden Valley; and

WHEREAS, Springs Utilities and Garden Valley are currently in negotiations to resolve disputes between the parties that arose under the Original Agreement; and

WHEREAS, Springs Utilities requests that City Council approve Springs Utilities’ provision of regional wastewater treatment service to Garden Valley and authorize and direct the Chief Executive Officer of Springs Utilities to enter into the wastewater treatment service agreement with Garden Valley attached as Exhibit A (“Wastewater Service Agreement”); and

WHEREAS, the Wastewater Service Agreement allows Springs Utilities to terminate the agreement if the disputes that arose under the Original Agreement are not resolved; and

WHEREAS, City Council recognizes that approving the provision of wastewater treatment service to Garden Valley does not set precedent for future requests for regional wastewater treatment service.

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

Section 1. City Council finds and determines that Springs Utilities' provision of regional wastewater treatment service to Garden Valley will benefit the public health, safety and welfare of the surrounding community and is in the best interest of Springs Utilities and the City.

Section 2. City Council hereby approves Springs Utilities' provision of regional wastewater treatment service to Garden Valley in accordance with the Wastewater Service Agreement.

Section 3. The Chief Executive Officer of Springs Utilities is authorized and directed to enter into the Wastewater Service Agreement with Garden Valley 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 ______________, 2026.

____
Lynette Crow-Iverson, Council President

ATTEST:

____
Sarah B. Johnson, City Clerk

WASTEWATER SERVICE AGREEMENT
Contract Service – Regional (S9C)

THIS AGREEMENT ("Agreement") is made and entered into as of the date of the last signature below (‘Effective Date”) , by and between Colorado Springs Utilities (“UTILITIES”), an enterprise of the City of Colorado Springs (“City”), a Colorado home rule City and municipal corporation, and Garden Valley Water and Sanitation District, a quasi-municipal corporation and political subdivision of the State of Colorado (“GARDEN VALLEY”) (collectively, the “Parties”), for and in consideration of the mutual promises and covenants provided herein, the receipt and sufficiency of which are hereby acknowledged. In this document, UTILITIES and GARDEN VALLEY can be referred to individually as "Party" or collectively as "Parties."

Recitals

A. GARDEN VALLEY is a Colorado Water and Sanitation District that currently provides domestic wastewater collection services to a customer base located within an unincorporated enclave in the southern portion of the City of Colorado Springs.

B. GARDEN VALLEY owns, operates and maintains a wastewater collection system located within the Service Area of GARDEN VALLEY as defined on the map attached hereto as Exhibit A and herein incorporated by reference.

C. UTILITIES currently accepts and treats GARDEN VALLEY’s wastewater pursuant to that certain Agreement between the Parties dated February 3, 2000 as amended through December 31, 2024 (“Original Agreement”) and UTILITIES and GARDEN VALLEY desire for UTILITIES to continue to accept and treat through its Wastewater Treatment System GARDEN VALLEY’s wastewater flows pursuant to the terms and conditions of this Agreement.

D. The Parties are currently in negotiations to resolve disputes related to billing and infrastructure maintenance that arose under the Original Agreement.

E. UTILITIES has wastewater infrastructure and treatment capacity available in its Wastewater Treatment System to provide wastewater related services for the anticipated wastewater flows from GARDEN VALLEY through December, 2051 which is the end of the Extended Term of this Agreement.

F. UTILITIES has entered into this Agreement pursuant to Section 12.5.304 (Service; Special Contract) of Article 5 (Wastewater Treatment Code) of Chapter 12 (Utilities) of the Code of the City of Colorado Springs 2001, as amended.

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

Article I
General Provisions

1. Term; Renewal.
   a. This Agreement shall become effective on the Effective Date and shall remain in effect until 5 pm on December 31, 2027 ("Original Term"). If the Parties agree in writing on a resolution of the disputes addressed in Recital D above, prior to June 30, 2027, this Agreement shall remain in effect until December 31, 2051 ("Extended Term"). If the Parties have not resolved the disputes described in Recital D by June 30, 2027:

      i. UTILITIES may notify GARDEN VALLEY in writing that this Agreement will terminate and GARDEN VALLEY shall be disconnected from UTILITIES' Wastewater Treatment System upon the expiration of the Original Term; or

      ii. If the Parties mutually agree in writing to continue good faith negotiations related to the resolution of the disputes described in Recital D, UTILITIES, in its sole discretion may extend the deadline to complete negotiations on resolution of the disputes to the end of the Original Term or extend the Original Term to a later date ("Extended Original Term") to facilitate continued negotiations. If the disputes are not resolved by the end of the Original Term or the Extend Original Term, this Agreement will automatically terminate and GARDEN VALLEY shall immediately disconnect from UTILITIES' Wastewater Treatment System. If the Parties agree in writing on a resolution of the disputes prior to expiration of the Original Term or the Extended Original Term, this Agreement shall remain in effect until expiration of the Extended Term.

   b. No later than eighteen (18) months prior to the expiration of the Extended Term as applicable, the Parties shall begin good faith negotiations on a new agreement for UTILITIES to treat GARDEN VALLEY's wastewater, with the expectation that such new agreement ("New Agreement") shall be substantially similar to this Agreement.

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

      i. UTILITIES may notify GARDEN VALLEY in writing that GARDEN VALLEY shall be disconnected from UTILITIES' Wastewater Treatment System as of the expiration of the Term; or

      ii. UTILITIES, in its sole discretion may extend the Extended Term of this agreement for an additional one (1) year term if the Parties mutually agree to continue good faith negotiations for a new wastewater service agreement beyond the expiration of the Extended Term.

2. Definitions. Terms not otherwise defined herein shall have the meaning adopted in the City Code as amended from time-to-time.

   a. GARDEN VALLEY's Customers: The persons and entities located within GARDEN VALLEY's Service Area, that receive the benefit of the wastewater service provided hereunder.

b. GARDEN VALLEY's Service Area: GARDEN VALLEY's service area, as identified in Exhibit A attached hereto.

c. GARDEN VALLEY's Wastewater Collection System: GARDEN VALLEY's Wastewater Collection System includes any devices, facilities, structures, equipment or works located upstream of the point of connection described in paragraph Article II.1 below that are owned by GARDEN VALLEY for the purpose of collection and transmission of wastewater generated within GARDEN VALLEY's Service Area to UTILITIES' Wastewater Treatment System.

d. Industrial User: A source of discharge which introduces pollutants into Garden Valley's Wastewater Collection System and UTILITIES' Wastewater Treatment System from any nondomestic source regulated under Section 307(B), (C), or (D) of 33 USC Section 1317, et seq.

e. Maximum Average Flow: The Maximum Average Flow shall be calculated based on a ninety (90) day rolling average of discharge as measured at the points of connection described in Article II.1.

f. UTILITIES' Wastewater Treatment System: UTILITIES' Wastewater Treatment System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of collecting and treating wastewater located downstream of the point of connection.

g. Wastewater Regional System Availability Fee (WWRSAF): A fee assessed for each new connection to UTILITIES' Wastewater Collection and Treatment System by contract outside the corporate limits of the City in areas where UTILITIES' Wastewater Treatment System is available for use by UTILITIES to serve institutions, plants, organized wastewater districts, municipal corporations, or other similar organizations and only with prior approval by the Colorado Springs City Council.

    i. The WWRSAF reflects the amount of capacity needed within UTILITIES' Wastewater Treatment System to meet the obligations of regional wastewater contracts.

    ii. The WWRSAF is determined based on the meter size needed to treat GARDEN VALLEY's Maximum Average Flows.

    iii. Any entity that paid a WWRSAF or an analogous charge through a contract in place prior to the implementation of the WWRSAF will be credited for the amount paid for the analogous charge. If the entity met its full contractual WWRSAF or equivalent, it is deemed to have met its WWRSAF and will not be charged an additional WWRSAF.

h. WWLESS: UTILITIES' Wastewater Line Extension and Service Standards, as may be amended or replaced.

3. Jurisdiction and Compliance.

a. This Agreement is for wastewater treatment service as defined in UTILITIES' Wastewater Rate Schedule "Contract Service – Regional (S9C)," together with UTILITIES' Rules and Regulations ("URRs") as such may be amended or replaced from time to time by the Colorado Springs City Council ("Tariffs"). The wastewater treatment service provided to Garden Valley under this Agreement shall be governed, implemented and enforced with regard to GARDEN VALLEY and GARDEN VALLEY's Customers in accordance with the Colorado Springs City Charter, the City Code, the Tariffs, UTILITIES' WWLESS, and all other applicable City or UTILITIES' ordinances, resolutions regulations, policies and rules concerning use of UTILITIES' Wastewater Treatment System as may be amended or replaced, except as otherwise provided in this Agreement.

b. GARDEN VALLEY is a User of Colorado Springs' publicly owned wastewater treatment works for the purposes of City Code §12.5.102. In accordance with City Code § 12.5.304, GARDEN VALLEY has previously submitted and agrees to continue to submit to the jurisdiction of the City for the purposes of implementation and enforcement of City Code Chapter 12, Article 5 with regard to GARDEN VALLEY and GARDEN VALLEY's Customers. GARDEN VALLEY has by resolution and adoption of its Rules and Regulations, provided for GARDEN VALLEY and GARDEN VALLEY's Customers to submit to the jurisdiction of the City for the purposes of the UTILITIES implementing and enforcing City Code Chapter 12, Article 5 with regard to GARDEN VALLEY and its Customers and require GARDEN VALLEY and its Customers to comply with all applicable laws, regulations, rules or policies concerning use of UTILITIES' Wastewater Treatment System as they exist now or may be amended or replaced in the future (collectively, "GARDEN VALLEY's Sewer Use Regulations"). GARDEN VALLEY's Sewer User Regulations include and, any revisions to such Sewer Use Regulations, must include provisions that mirror or are more stringent than City Code Chapter 12, Article 5.

c. UTILITIES shall provide GARDEN VALLEY with notice of any revisions made to City Code Chapter 12, Article 5 in the future. GARDEN VALLEY shall revise and provide the contacts set forth in Article IV.13 hereof its revised Sewer Use Regulations that are at least as stringent as the revised version of City Code Chapter 12, Article 5 within sixty (60) days of its receipt of notice from UTILITIES. UTILITIES will have sixty (60) days from its receipt of the draft to provide GARDEN VALLEY with notice of whether it approves GARDEN VALLEY's proposed Sewer Use Regulations or if revisions are necessary. If UTILITIES determines that revisions to GARDEN VALLEY's Sewer Use Regulations are necessary, GARDEN VALLEY shall provide UTILITIES with revised proposed Sewer Use Regulations that include the revisions. UTILITIES will have sixty (60) days from its receipt of the revised proposed Sewer Use Regulations to provide GARDEN VALLEY with notice of whether it approves GARDEN VALLEY's revised proposed Sewer Use Regulations or if revisions are necessary. If UTILITIES provides GARDEN VALLEY with notice that revisions to the proposed Sewer Use Regulations are necessary, GARDEN VALLEY shall have ninety (90) days to make such revisions and provide UTILITIES with revised proposed Sewer Use Regulations that includes UTILITIES' requested revisions. UTILITIES will have sixty (60) days from its receipt of the revised proposed Sewer Use Regulations to provide GARDEN VALLEY with notice of whether it approves GARDEN VALLEY's revised proposed Sewer Use Regulations or if revisions thereto are necessary.

d. GARDEN VALLEY shall provide UTILITIES with notice and a copy of the most recent version of GARDEN VALLEY's Sewer Use Regulations to the contacts set forth in Article IV.13 hereof within thirty (30) days of the Effective Date, and any amendments to said regulations within thirty (30) days of adoption. GARDEN VALLEY shall promptly provide UTILITIES with a copy of its Sewer Use Regulations upon request by UTILITIES at any other time.

4. Wastewater Treatment Service.

a. During the term of this Agreement, UTILITIES will accept and treat through its Wastewater Treatment System, wastewater that originates from inside GARDEN VALLEY's Service Area from GARDEN VALLEY's customers, subject to the terms and conditions contained herein in accordance with City Code, the URRs, and subject to the terms and conditions contained herein.

b. UTILITIES shall have no obligation to accept and treat wastewater under this Agreement that originates outside of GARDEN VALLEY's Service Area.

c. UTILITIES shall have no obligation to accept and treat wastewater under this Agreement that exceeds Maximum Average Flows of 0.0707 million gallons per day (70,700 gallons per day).

d. GARDEN VALLEY shall provide UTILITIES with annual notification that its Wastewater Collection System has not changed and notice no less than thirty (30) days prior to any proposed change in GARDEN VALLEY's Wastewater Collection System and Service Area. GARDEN VALLEY shall promptly provide UTILITIES with a copy of its Service Area map upon request by UTILITIES at any other time. Failure of GARDEN VALLEY to provide annual notification that its Wastewater Collection System has not changed shall not be considered a material breach of this agreement authorizing termination or assessment of liquidated damages.

5. No Expansion of GARDEN VALLEY's Service Area. GARDEN VALLEY is unlikely to expand its Service Area since it is located within an enclave of the City of Colorado Springs. GARDEN VALLEY will not expand its Service Area without the prior written approval of UTILITIES.

6. Rates, Charges, Surcharges and Fees Payable by GARDEN VALLEY.

a. For the services provided hereunder, GARDEN VALLEY shall pay to UTILITIES the applicable rates, charges, surcharges, and fees as specified in the Tariffs as such may be amended or replaced from time to time by the Colorado Springs City Council. Such charges and fees include, but are not limited to, Treatment Charges and Extra Strength Surcharges, as provided in UTILITIES' rate schedule "Contract Service - Regional", WWRSAF and Recovery Agreement Charges as provided in the Tariffs. Surcharges will apply to GARDEN VALLEY's wastewater that exceeds normal domestic strength for biochemical oxygen demand and total suspended solids and will be based on twenty-four (24) hour composite samples. GARDEN VALLEY agrees that UTILITIES' rate making process, as embodied in the Tariffs, is fair and reasonable.

b. GARDEN VALLEY agrees to pay the prevailing Treatment Charges and Extra Strength Surcharges or replacements, for every cubic foot of wastewater delivered to UTILITIES' Wastewater Treatment System. UTILITIES will bill GARDEN VALLEY monthly in arrears for such Treatment Charges and Extra Strength Surcharges with payment due within thirty (30) days of the date of billing.

c. GARDEN VALLEY's historical demand on UTILITIES' Wastewater Treatment System has not exceeded Maximum Average Flows of 0.0707 million gallons per day. The current WWRSAF for Maximum Average Flows of between 0 and 0.10 million gallons per day is $7,162.00. As an existing wastewater customer of UTILITIES that has paid all required connection fees for a Maximum Average Flows of 0.0707 million gallons per day, GARDEN VALLEY has satisfied the obligations of the WWRSAF for such Maximum Average Flow through prior contracts and payments and shall not be required to pay the WWRSAF at this time. If GARDEN VALLEY's demands on UTILITIES' Wastewater Treatment System exceed Maximum Average Flows of 0.10 million gallons per day, then GARDEN VALLEY will be required to pay the difference between the WWRSAF for Maximum Average Flows of between 0 and 0.10 million gallons per day set forth above and the applicable WWRSAF for the new Maximum Average Flows under UTILITIES' Tariffs.

d. GARDEN VALLEY shall pay a Water Quality Impact Fee that will be calculated and billed annually. The annual fee will be based on the GARDEN VALLEY's pro rata share of UTILITIES' combined yearly wastewater treatment flows, times the cost of UTILITIES' water quality monitoring and studies and Fountain Creek watershed improvements.

e. GARDEN VALLEY will continue to pay the rates and charges established in the Tariffs even if UTILITIES changes its Tariffs so long as UTILITIES' process to change the tariffs is conducted in compliance with the laws of the State of Colorado, City Code, and any other applicable law. UTILITIES will notify GARDEN VALLEY thirty (30) days in advance of City Council's consideration of the change in tariffs applicable to this Agreement.

f. Payments under this Paragraph by GARDEN VALLEY shall be due at UTILITIES, Customer Services Department, 111 S. Cascade Ave., Colorado Springs, Colorado 80903. If a bill is not paid within thirty (30) days of when it is due, a deposit will be assessed as outlined in the Tariffs as modified or replaced.

7. <u>GARDEN VALLEY's Responsibilities</u>. In addition to other responsibilities and duties provided

in this Agreement, GARDEN VALLEY shall solely have the following responsibilities:

a. GARDEN VALLEY shall be solely responsible for the permitting, construction, operation, maintenance, integrity of, and reporting associated with, GARDEN VALLEY's Wastewater Collection System including, but not limited to, air emissions from GARDEN VALLEY's Wastewater Collection System, and spills, leaks, and sanitary sewer overflows (as defined by the United States Environmental Protection Agency ("EPA") from GARDEN VALLEY's Wastewater Collection System.

b. GARDEN VALLEY shall at all times have in place and enforce its Sewer Use Regulations. In the event that GARDEN VALLEY fails to provide resources or otherwise fails to implement and enforce its Sewer Use Regulations within GARDEN VALLEY's Service Area in a timely manner, UTILITIES is authorized to take all such actions on behalf of and as an agent for GARDEN VALLEY after providing GARDEN VALLEY with notice of same.

c. At all times, GARDEN VALLEY shall cause all wastewater, which is discharged directly or indirectly into GARDEN VALLEY's Wastewater Collection System or into UTILITIES' Wastewater Treatment System by GARDEN VALLEY or GARDEN VALLEY's Customers, or on their behalf, to comply with GARDEN VALLEY's Sewer Use Regulations and any requirements of UTILITIES, as permitted by law.

d. GARDEN VALLEY shall at all times operate GARDEN VALLEY's Wastewater Collection System so as not to interfere with service to third parties who rely on UTILITIES' Wastewater Treatment System.

e. GARDEN VALLEY's Wastewater Collection System shall collect only from separate sanitary sewer systems and there shall be no combined sanitary and stormwater systems or stormwater systems connected to GARDEN VALLEY's Wastewater Collection System.

f. If GARDEN VALLEY has a slug discharge as defined in §12.5.201 of the City Code, or a discharge that could cause problems to the UTILITIES' Wastewater Treatment System, UTILITIES shall be immediately notified. Additionally, a written report shall be submitted within five (5) days of the event detailing the date, time and cause of the slug discharge, the quantity and characteristics of the discharge, and corrective action taken to prevent future slug discharges.

g. GARDEN VALLEY shall inform UTILITIES at least two (2) weeks prior to any planned significant change in operations which will affect wastewater characteristics or at least 90 days prior to discharge of any new source of categorical process wastewater. Unplanned changes in wastewater characteristics must be reported within seven (7) days after the change becomes known.

h. GARDEN VALLEY shall report, in the manner provided below, any illicit discharge, spill, leak, or sanitary overflow from GARDEN VALLEY's Wastewater Collection System, which may endanger human health, the environment or otherwise enter State Waters (as defined in C.R.S. § 25-8-103(19)) directly or indirectly (“Incident”) to UTILITIES and the Colorado Department of Public Health and Environment – Water Quality Control Division (“CDPHE”), as soon as GARDEN VALLEY becomes aware of the Incident. Such notification shall, at a minimum, provide the following information:

1. A description of the Incident including bypass or upsets.
2. The period of and cause of the Incident the exact dates and times and/or anticipated time when the Incident will be remedied.
3. The steps GARDEN VALLEY is taking to reduce, eliminate and prevent reoccurrence of the Incident.

Incidents shall be reported verbally to UTILITIES and the CDPHE within twenty-four (24) hours and a written report shall be mailed to said entities within five (5) days from the date GARDEN VALLEY becomes aware of the Incident.

i. GARDEN VALLEY shall maintain an approved EPA User Charge System (40 CFR 35.2140). UTILITIES will notify GARDEN VALLEY by February 1 of each calendar year of UTILITIES' classifications, classes and surcharges per class and any other information on revenues, costs and allocation of costs between BOD, TSS and flow so as to assure proportional allocation of costs to Users. GARDEN VALLEY shall provide within sixty (60) days of implementation or upon request by UTILITIES, a report on GARDEN VALLEY’s classes, rates, and implementation provisions. GARDEN VALLEY will comply with EPA regulation 40 CFR § 35.2140(c) by advising GARDEN VALLEY’s Wastewater Collection System Users in conjunction with a regular bill (or other means acceptable to the EPA Regional Administrator) of their wastewater rate and that portion of the rate attributable to wastewater treatment services. A copy of the notification shall be forwarded to UTILITIES within sixty (60) days of when GARDEN VALLEY provides such notification to its wastewater customers.

j. GARDEN VALLEY is prohibited from contributing excess flows that cause or contribute to overflows, flooding, or non-compliance with UTILITIES' Colorado Discharge Permit System ("CDPS") Permit No. CO-0026735.

8. Approvals and Permits. The Parties expressly acknowledge that the service contemplated and/or the construction of any Improvements, defined below, under this Agreement is dependent upon the receipt of any necessary approvals and/or permits by Federal, State, and local governmental and/or regulatory entities. GARDEN VALLEY shall be responsible for obtaining all approvals and/or permits for the Improvements necessary for the implementation of this Agreement, but this requirement shall not be interpreted to require GARDEN VALLEY to obtain approvals and/or permits UTILITIES must obtain independent of its service obligations to GARDEN VALLEY under this Agreement. UTILITIES will cooperate with GARDEN VALLEY to obtain any necessary approvals and/or permits. If any required approval and/or permit is not obtained by GARDEN VALLEY, either Party may terminate this Agreement. A copy of such approval or permit shall be provided to UTILITIES by GARDEN VALLEY.

9. Interpretation of Requirements. In all cases where the application or the enforcement of the City Code, URRs, Tariffs or WWLESS, as may be amended, involve technical or scientific analyses or determinations, UTILITIES shall have final authority as to methods, standards, criteria, significance, evaluation, and interpretation of such analyses and determinations.

10. Reusable Return Flows. Unless separately agreed to by the Parties, UTILITIES will maintain dominion, and control of treated reusable water effluent resulting from wastewater introduced by GARDEN VALLEY into UTILITIES' Wastewater Treatment System for treatment until such time as such reusable water effluent is discharged from UTILITIES' wastewater treatment facilities. Upon such discharge, GARDEN VALLEY shall have, to the extent allowed by law and consistent with its ownership of the water treated by UTILITIES, the right to use, reuse, successively use, and dispose of all return flows resulting from wastewater introduced by GARDEN VALLEY into UTILITIES' Wastewater Treatment System.

Article II
Improvements/Connection to UTILITIES' Wastewater Treatment System

1. Point(s) of Connection of GARDEN VALLEY to UTILITIES' Wastewater Treatment System. GARDEN VALLEY shall deliver its wastewater to UTILITIES' Wastewater Treatment System at UTILITIES' 48 inch collection line located depicted on Exhibit B hereto. This connection point, and all other approved new, modified or abandoned connections to UTILITIES' Wastewater Treatment System shall be made at the expense of GARDEN VALLEY.

2. GARDEN VALLEY's Wastewater Collection System Improvements. GARDEN VALLEY shall be solely responsible, financially and otherwise, for designing, installing, constructing, maintaining, replacing and operating GARDEN VALLEY's Wastewater Collection System including, but not limited to, existing infrastructure, wastewater mains, sampling equipment, and all infrastructure improvements necessary to connect UTILITIES' Wastewater Treatment System to GARDEN VALLEY's Wastewater Collection System point(s) of connection, and all other related facilities necessary for use in connection with this Agreement, but excluding the wastewater discharge meters described in paragraph 4 below ("Improvements"). The Improvements shall be agreed upon by the Parties in advance and shall be designed, installed, constructed, inspected, operated and maintained in accordance with the City Code and the WWLESS as each may be amended or replaced. The Improvements shall be located on property owned by GARDEN VALLEY or in rights-of-way or easements dedicated for public utilities or conveyed to GARDEN VALLEY. GARDEN VALLEY shall, at its own cost and subject to UTILITIES' approval, which shall not be unreasonably withheld, 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 the WWLESS.

3. Customer Connections. GARDEN VALLEY shall require any construction, installation, and connection of new customer service lines to GARDEN VALLEY'S Wastewater Collection

System, to be in accordance with the City Code, the Tariffs, and WWLESS, to minimize the possibility of damage to UTILITIES' Wastewater Treatment System. GARDEN VALLEY shall perform inspection of all such installations and connections to ensure compliance with the Colorado Springs City Code, the Tariffs, and the WWLESS and provide UTILITIES with the results of such inspections. UTILITIES reserves the right to perform its own inspection of all service line installations and connections to ensure compliance with City Code and the WWLESS. Any Customer Connections to GARDEN VALLEY's Wastewater Collection System which are in existence upon execution of this Agreement, or which are subsequently constructed or acquired by DISTRICT, and which do not comply with WWLESS, shall be brought into compliance at the time of replacement or repair.

4. Wastewater Discharge Meters.

   a. A wastewater discharge meter that records the amount of wastewater delivered to UTILITIES' Wastewater Treatment System by GARDEN VALLEY is in place at the existing point of connection.

   b. UTILITIES will own and shall install, read, operate, maintain, and replace the discharge meters at UTILITIES' cost.

   c. The accuracy of the meter shall be verified by UTILTIES on an annual basis at UTILITIES' cost, with results provided to UTILITIES and GARDEN VALLEY. GARDEN VALLEY has the right to request meter verification tests more often than once annually; however, if the accuracy of the subsequent GARDEN VALLEY requested meter test(s) are within +/-2% of the results of the most recent past annual test, GARDEN VALLEY shall be responsible for the cost of the test. If the subsequent GARDEN VALLEY requested meter test(s) are greater than the +/-2% accuracy imitation specified herein, then UTILITIES shall be responsible for the cost of said meter test and meter calibration. In the event that the meter is found to be in error no adjustments to previous invoices will be permitted.

5. Ownership and Maintenance of Improvements. It is understood by the Parties that the point of demarcation between GARDEN VALLEY's Wastewater Collection System and UTILITIES' Wastewater Treatment System is located at the point of connection described in Exhibit B All Improvements, located upstream of the point of connection is understood to be owned and maintained by GARDEN VALLEY and all infrastructure, including the Improvements, located downstream of the point of connection is understood to be owned and maintained by UTILITIES. Unless earlier dedicated by plat, upon completion of design, installation and construction of the Improvements, GARDEN VALLEY shall convey and dedicate to UTILITIES or shall cause the conveyance and dedication to UTILITIES by a third party who owns the Improvements, on forms acceptable to UTILITIES, ownership of all the Improvements located on the UTILITIES' side of the point of connection, as depicted on Exhibit A, and the right to locate the Improvements dedicated and conveyed to UTILITIES on property upon which they are located. UTILITIES shall be responsible for the operation, maintenance and repair of all Improvements dedicated to it and after they are conveyed to it pursuant to this Paragraph. GARDEN VALLEY shall continue to own all of the other

Improvements. GARDEN VALLEY hereby agrees to grant UTILITIES ingress and egress over and through GARDEN VALLEY's property to the GARDEN VALLEY -owned Improvements so that UTILITIES may operate, maintain, repair, and inspect the Improvements that UTILITIES is responsible for as well as perform its other duties under this Agreement. If such an easement is necessary, GARDEN VALLEY shall provide UTILITIES with an easement providing for such ingress and egress in a form approved by UTILITIES. GARDEN VALLEY shall be responsible for the operation, maintenance and repair of all Improvements not conveyed and dedicated to UTILITIES hereunder, including any repair or maintenance that is requested by UTILITIES. The Parties shall keep the Improvements and every part thereof for which they are responsible pursuant to this Paragraph maintained and in good repair so that they continue to properly serve the purposes for which they were originally intended. All repair or maintenance of the Improvements shall be completed in a timely manner and in accordance with the City Code and the WWLESS, as each may be amended or replaced. Any facilities that are part of GARDEN VALLEY's existing Wastewater Collection System or are subsequently constructed or acquired by GARDEN VALLEY, and which do not comply with WWLESS, shall be brought into compliance at the time of replacement or repair. GARDEN VALLEY agrees to provide UTILITIES with a continuously complete record of all Improvements.

Article III
Agreement for Check Meters on Wastewater Line

1. For the past several years, the Parties have been working on resolving issues related to discrepancies in the volume of wastewater received and treated by UTILITIES under the Original Agreement versus the amount of water GARDEN VALLEY delivered to its customers. UTILITIES has inspected the meter and associated equipment used to measure the volume of wastewater delivered from GARDEN VALLEY'S Wastewater Collection System to UTILITIES' Wastewater Treatment System to determine whether it is functioning properly. The cause of the discrepancies between the volume of water delivered to GARDEN VALLEY's customers and the volume of wastewater delivered to UTILITIES Wastewater Treatment System has not yet been determined. In a further attempt to determine the cause of discrepancies, the Parties agree that UTILITIES may install check meter(s) or other similar technology mutually agreed to by the Parties ("Check Meter(s)") on certain wastewater lines within GARDEN VALLEY's Wastewater Collection System in order for the Parties to attempt to determine the source of the discrepancy in the amount of wastewater metered as follows:

   a. <u>Consent to Installation of Check Meters on Garden Valley's Wastewater Lines</u>. Subject to the terms and conditions of this Agreement, GARDEN VALLEY consents to and agrees that UTILITIES may place approved Check Meter(s) within Garden Valley rights-of-way on certain wastewater lines within GARDEN VALLEY's Wastewater Collection System. The Parties shall jointly determine the number and location of the Check Meter(s) to be installed and UTILITIES shall obtain and document approval from GARDEN VALLEY's operator Rod Podhola prior to installation of any such Check Meter(s). After the Check Meter(s)are placed on the agreed upon wastewater line(s), UTILITIES agrees to make best efforts to read the check meter(s) weekly and share the results with GARDEN VALLEY. If UTILITIES is not able to read the meter(s) during a particular week, it will read the meter(s) the following week and provide the results to GARDEN VALLEY. UTILITIES will be responsible for the maintenance and repair of the check meter(s) while they are installed on GARDEN VALLEY'S Wastewater Collection System.

b. Time Period. UTILITIES and GARDEN VALLEY shall mutually agree on the date the Check Meter(s) will be installed by UTILITIES. The Check Meter(s) shall be installed for a period of 120 days from the date they are installed unless the Parties mutually agree on a shorter period. Upon expiration of the 120 day period UTILITIES will be responsible for removal of any Check Meter(s) installed by UTILITIES and restoration of GARDEN VALLEY's Wastewater Collection System.

c. Limitation on Rights Granted by Article III. The agreements provided in this Article III are not intended and should not be construed to provide UTILITIES with any right of access or entry to property not owned by GARDEN VALLEY. In the event UTILITIES requires access to any property not owned by GARDEN VALLEY, UTILITIES is responsible for ensuring that it has all necessary rights of access from the owner of the property.

d. Liability. In the event UTILITIES' installation of the Check Meter(s) on the agreed upon wastewater line(s) cause any damage to such wastewater line(s), UTILITIES will be fully responsible for such damage, including, but not limited to reimbursing GARDEN VALLEY for actual costs associated with the damage or for repairing such damage at UTILITIES' cost.

Article IV
GARDEN VALLEY's Industrial Pretreatment Program Delegated to Utilities

1. Industrial Users. GARDEN VALLEY has commercial users who discharge into GARDEN VALLEY's Wastewater Collection System. GARDEN VALLEY shall submit to UTILITIES' Industrial Pretreatment Program quarterly, on the due dates as specified by UTILITIES, an updated inventory of all commercial or industrial users connected to the GARDEN VALLEY's Wastewater Collection System. Such inventory shall include customer's name, address, Standard Industrial Classification code, and average daily water consumption.

2. Delegation of Industrial Pretreatment Program Responsibilities. GARDEN VALLEY designates UTILITIES as the agent of GARDEN VALLEY for the purposes of implementation and enforcement of GARDEN VALLEY's Sewer Use Regulations promulgated pursuant to Article I.3.b hereof against Industrial Users located in GARDEN VALLEY's Service Area ("GARDEN VALLEY's Industrial Pretreatment Responsibilities"). As such, UTILITIES shall have direct authority to develop, implement, and enforce all pretreatment standards and requirements as necessary to regulate Industrial Users located in GARDEN VALLEY's Service Area. This includes, but is not limited to, those responsibilities and obligations set forth in the United States Code of Federal Regulations and Colorado Code of Regulations and implementing regulations. GARDEN VALLEY agrees that UTILITIES will implement GARDEN VALLEY's Industrial Pretreatment Responsibilities in accordance with City Code Chapter 12, Article 5, as well as *UTILITIES' Enforcement Response Plan, Silver Source Control Policies & Procedures Manual, Mercury Source Control Policies & Procedures Manual, Fats, Oil and Grease Policies & Procedures Manual, Liquid Waste Hauler Program Policies and Procedures Manual*, and other related sector control program requirements ("UTILITIES' Industrial Pretreatment Program Standards").

3. Compliance with Discharge Limitations. GARDEN VALLEY hereby agrees to comply and

require its Customers whose discharged flow enters into UTILITIES' Wastewater Treatment System to comply, with the discharge prohibitions, discharge limitations, and points of discharge limitations set forth in GARDEN VALLEY's Sewer Use Regulations and City Code Chapter 12, Article 5.

4. Technical and Administrative Duties. UTILITIES, on behalf of and as agent for GARDEN VALLEY, will perform technical and administrative duties necessary to implement and enforce GARDEN VALLEY's Sewer Use Regulations including, but not limited to: (1) updating its industrial waste inventory to include users within GARDEN VALLEY's Service Area; (2) issuing or co-issuing permits to all Industrial Users that are required to obtain a permit (see Article IV.8 hereof); (3) conducting inspections, sampling and analysis related to Industrial Users; (4) taking all appropriate enforcement action as outlined in City Code Chapter 12, Article 5 as well as UTILITIES' enforcement response plan and provided for in GARDEN VALLEY's Sewer Use Regulations; (5) providing GARDEN VALLEY with notice of enforcement actions UTILITIES takes against any Industrial User in GARDEN VALLEY's Service Area; and (6) performing any other technical or administrative duties UTILITIES deems appropriate.

5. UTILITIES Emergency Actions. In addition, UTILITIES, may, as agent of GARDEN VALLEY, take emergency action to stop or prevent any discharge to UTILITIES' Wastewater Treatment System originating within GARDEN VALLEY's Service Area which presents or may present an imminent danger to the health or welfare of humans, which reasonably appears to threaten the environment, or which threatens to cause interference, pass through, or sludge contamination.

6. UTILITIES' Duties. UTILITIES, on behalf of and as an agent of GARDEN VALLEY, agrees to perform the following actions and duties as necessary to implement and enforce GARDEN VALLEY's Sewer Use Regulations and City Code Chapter 12, Article 5 consistent with 40 CFR 403.8(f):

   a. Review and authorize or prohibit the connection of an Industrial User to GARDEN VALLEY's Wastewater Collection System;

   b. Control through permit or other means, the contribution of wastewater to UTILITIES' Wastewater Treatment System by Industrial Users within GARDEN VALLEY's Service Area. Without limitation, UTILITIES shall have the right to prohibit any connection to, or discharges into, GARDEN VALLEY's Wastewater Collection System of an Industrial User in accordance with City Code;

   c. Require GARDEN VALLEY's Customers to comply with all requirements of UTILITIES' Industrial Pretreatment Standards;

   d. Deny or condition new or increased contributions of pollutants or changes in the nature of pollutants by an Industrial User;

e. Require the development of compliance schedules by Industrial Users for installation of technology required to meet UTILITIES' Industrial Pretreatment Program Standards;

f. Require submission of all notices and self-monitoring reports from Industrial Users as are necessary to assess and assure compliance with UTILITIES' Industrial Pretreatment Program Standards as well as GARDEN VALLEY's Sewer Use Regulations;

g. Carry out all inspection, surveillance and monitoring procedures necessary to determine whether an Industrial User is complying with UTILITIES' Industrial Pretreatment Program Standards as well as GARDEN VALLEY's Sewer Use Regulations;

h. Carry out all inspections, surveillance and monitoring necessary to ensure compliance with UTILITIES' Industrial Pretreatment Program Standards as well as GARDEN VALLEY's Sewer Use Regulations;

i. Enter the property/premises of an Industrial User in which a discharge source or pretreatment infrastructure is located, or in which required records are kept, to ensure compliance with UTILITIES' Industrial Pretreatment Program Standards as well as GARDEN VALLEY's Sewer Use Regulations;

j. Evaluate and enforce compliance with Industrial Pretreatment Program Standards and requirements utilizing remedies including, but not limited to, injunctive relief and assessment of civil or criminal penalties for violations; and

k. Meet the confidentiality requirements set forth in 40 CFR Part 403.14.

7. GARDEN VALLEY's Duties. GARDEN VALLEY is responsible for, and hereby accepts the following duties and agrees to perform the following actions in relation to all Industrial Users within GARDEN VALLEY's Service Area:

a. Prior to allowing an Industrial User to connect to GARDEN VALLEY's Wastewater Collection System, GARDEN VALLEY shall provide UTILITIES with notice of its intent to permit connection of an Industrial User to GARDEN VALLEY's Wastewater Collection System that includes such customer's name, address, Standard Industrial Classification code, and average daily water usage;

b. Submit to UTILITIES' Industrial Pretreatment Program, quarterly by January 31, April 30, July 31, and October 31 each year during the term of this Agreement, an updated inventory of all Industrial Users and commercial customers connected to GARDEN VALLEY's Wastewater Collection System. Such inventory shall include such customer's name, address, Standard Industrial Classification code and/or NAICS code, and average daily water usage for the previous quarter;

c. GARDEN VALLEY shall provide the resources and commit to implementation and enforcement of its Sewer Use Regulations with UTILITIES' oversight;

d. GARDEN VALLEY agrees to be responsible for any violations of applicable law for failure of UTILITIES' Industrial Pretreatment Program meeting applicable law resulting from GARDEN VALLEY's neglect, failure to report any known violations, or failure to comply with the terms and conditions of this Agreement; and

e. GARDEN VALLEY shall inform UTILITIES at least two (2) weeks prior to any planned significant change in operations which will affect wastewater characteristics or at least ninety (90) days prior to discharge of any wastewater from a new Industrial User as defined in City Code. Unplanned changes in wastewater characteristics must be reported within seven (7) days after the change becomes known.

8. Co-Issue Permits. GARDEN VALLEY may co-issue all permits if GARDEN VALLEY notifies UTILITIES' Industrial Pretreatment Program Director in writing requesting to do so. UTILITIES will take the lead in preparing draft control mechanisms.

9. Enforcement Discretion. GARDEN VALLEY and UTILITIES shall each retain their enforcement discretion. Regarding Industrial Users served by GARDEN VALLEY, each Party shall be copied on all notices of violation and administrative orders issued by the other Party. Notwithstanding the above, UTILITIES has full authority to take enforcement action directly against any GARDEN VALLEY Customer discharging flows to the UTILITIES' Wastewater Treatment System as provided in the City Code. UTILITIES shall notify GARDEN VALLEY when assessing penalties, terminating wastewater treatment service, or seeking criminal sanctions against any of GARDEN VALLEY's Customers. UTILITIES shall provide GARDEN VALLEY with a status report regarding the compliance of Significant Industrial Users within GARDEN VALLEY's boundaries on or before **April 1** of each year.

10. Challenges to UTILITIES' Authority. GARDEN VALLEY agrees that if UTILITIES' authority to act as agent for GARDEN VALLEY under this Agreement is questioned or challenged by an Industrial User within GARDEN VALLEY's Service Area, administrative agency, court of law, or otherwise, GARDEN VALLEY will take all actions necessary to ensure that implementation and enforcement of its Sewer Use Regulations against any Industrial User within its Service Area discharging flows into UTILITIES' Wastewater Treatment System, including implementing its Sewer Use Regulations on its own behalf.

11. Admission to Property. GARDEN VALLEY acknowledges that UTILITIES has the power to carry out all inspection, surveillance, and monitoring procedures necessary in accordance with City Code § 12.5.805. GARDEN VALLEY's Sewer Use Regulations shall provide that UTILITIES is authorized to enter any premises of any industrial user located within GARDEN VALLEY's Service Area to determine compliance with applicable pretreatment standards and requirements, or access GARDEN VALLEY's wastewater collection system at any time in order to obtain samples.

12. Charges and Fees Related to Industrial Pretreatment Program.

a. To GARDEN VALLEY. UTILITIES may bill GARDEN VALLEY under this Agreement for any costs associated with performing the responsibilities delegated to UTILITIES or that UTILITIES is authorized to perform under this Article IV.5.

b. To Industrial Users. Prior to allowing an Industrial User to connect to GARDEN VALLEY's Wastewater Collection System, GARDEN VALLEY shall collect all fees related to wastewater treatment for Industrial Users as set forth in the Tariffs and pay those fees to UTILITIES. All general and special sewer service charges, and other charges levied against Industrial Users by GARDEN VALLEY, shall be retained by GARDEN VALLEY, except as otherwise provided by this Agreement or applicable law. Permit fees shall be retained by UTILITIES.

c. Enforcement. All penalties or other enforcement receipts arising from enforcement actions taken by UTILITIES against GARDEN VALLEY or GARDEN VALLEY's Customers under this Article IV shall be collected and retained by UTILITIES.

Article V
Remedies

1. Liquidated Damages. Damages to UTILITIES resulting from GARDEN VALLEY's breach of this Agreement are difficult to ascertain. To the extent permitted by law, in addition to any and all costs and charges provided herein, and in accordance with City Code § 12.5.304.B.2, GARDEN VALLEY is subject to liquidated damages for violation of provisions of City Code Chapter 12, Article 5, in an amount equal to the penalties imposed pursuant to said Article. Such liquidated damages are a reasonable estimate of damages to UTILITIES and are not a penalty.

2. Consequential Damages. GARDEN VALLEY acknowledges and agrees that any illicit discharge of industrial wastewater by GARDEN VALLEY, or a GARDEN VALLEY Customer, may subject GARDEN VALLEY to consequential damages for breach of contract including, but not limited to, any amounts the City of Colorado Springs or UTILITIES may be required to pay for violation of the conditions of UTILITIES' CDPS permit where the discharge of GARDEN VALLEY or its customer(s) caused or contributed to the violation.

3. Disconnection Damages. In the event a breach of this Agreement by GARDEN VALLEY results in GARDEN VALLEY permanently disconnecting from UTILITIES' Wastewater Treatment System it is agreed that the damage to UTILITIES will not be less than the reproduction costs of any of UTILITIES' facilities, including UTILITIES' owned Improvements, that are rendered useless by such disconnection and that must be replaced in order for UTILITIES to provide wastewater treatment service to UTILITIES' other customers.

4. Breach of Agreement. Upon any breach of this Agreement by GARDEN VALLEY, which does not also constitute a breach of City Code Chapter 12, Article 5, UTILITIES shall have the immediate right to: (a) seek specific performance, if available under the law be reimbursed for reasonable costs incurred by UTILITIES as a result of the breach; and (b) be entitled to money

damages. Said rights also apply if liquidated damages, as provided in City Code § 12.5.304.B.2, are unavailable.

5. Termination by UTILITIES. GARDEN VALLEY acknowledges and consents to UTILITIES' right to terminate this Agreement without liability or obligation to GARDEN VALLEY, GARDEN VALLEY's Customers or any other person or entity: (1) due to GARDEN VALLEY'S breach of a material term or condition of this Agreement, if GARDEN VALLEY has not taken substantial steps to cure the breach within a reasonable period of time from delivery of notice of its breach from UTILITIES; or (2) as otherwise authorized by the City Code or City Council. UTILITIES shall promptly notify GARDEN VALLEY of circumstances that could result in a breach or changes in City Code, or City Council action that could result in termination of the Agreement. In the alternative, if UTILITIES determines that the breach(s) may result in an immediate health hazard or harm to person or property, UTILITIES, may take control of any portion of GARDEN VALLEY's Wastewater Collection System and other GARDEN VALLEY facilities which UTILITIES find to be necessary for provision of wastewater treatment service within GARDEN VALLEY's Service Area for the purpose of remedying the breach(s). While in control of any portion of GARDEN VALLEY's Wastewater Collection System, UTILITIES may immediately take all actions it deems necessary to correct the noticed breach(s) and put in place corrective measures to prevent further breaches. GARDEN VALLEY agrees to reimburse UTILITIES for all expenses incurred by UTILITIES in correcting the breach or breaches and putting in place corrective measures to prevent further breaches. Upon such payment, control of the applicable portions of GARDEN VALLEY's Wastewater Collection System shall be returned to GARDEN VALLEY. The notice provision of this Subparagraph shall not apply when UTILITIES determines that the breach(s) may result in an immediate health hazard or harm to person or property, in which case UTILITIES may take immediate control of any portion of GARDEN VALLEY's Wastewater Collection System and take the same actions regarding a noticed breach(s), upon hand delivery of written notice of the breach and description of the harm likely to result. The term breach of a material term or condition by GARDEN VALLEY shall include, but not be limited to, failure to continue to exist as a municipal, quasi-municipal or corporate entity; failure to maintain GARDEN VALLEY's Wastewater Collection System; failure to perform functions necessary to the operation of GARDEN VALLEY's Wastewater Collection System or UTILITIES' Wastewater Treatment System; failure to adopt measures or take actions required to enable UTILITIES to obtain any required permits; unauthorized extension of wastewater service or expansion of GARDEN VALLEY's Service Area; unauthorized connection of a GARDEN VALLEY extraterritorial customer to GARDEN VALLEY's Wastewater Collection System; failure to make payments required under the Agreement; or other actions or inactions which could reasonably cause a health hazard or harm to persons or property. After completion of any actions it takes to correct a breach or prevent further breaches from occurring, UTILITIES shall issue an itemized invoice to GARDEN VALLEY for payment of the costs UTILITIES incurred in taking the actions. In the event GARDEN VALLEY fails to make full payment on an invoice by the date set forth in the invoice, which shall not be less than thirty (30) days, UTILITIES may immediately terminate this agreement.

6. Termination by GARDEN VALLEY. GARDEN VALLEY may terminate this Agreement due to

a material breach on the part of UTILITIES if UTILITIES has not taken substantial steps to cure the breach within a reasonably sufficient time frame that allows UTILITIES to cure the material breach after receiving written notice of such breach from GARDEN VALLEY.

7. Effect of Termination. Upon termination by either Party, UTILITIES shall have no further obligation to provide Wastewater Treatment Service to GARDEN VALLEY or GARDEN VALLEY's Customers and GARDEN VALLEY's Wastewater Collection System shall be disconnected from UTILITIES' Wastewater Treatment System. Upon termination, UTILITIES shall determine the connection facilities between GARDEN VALLEY's Wastewater Collection System and UTILITIES' Wastewater Treatment System that must be removed at GARDEN VALLEY's sole expense in accordance with the WWLESS. UTILITIES shall determine the way the connection facilities are to be removed and wastewater treatment service discontinued in accordance with the URRs and WWLESS. All outstanding charges owed by GARDEN VALLEY to UTILITIES are due and payable prior to the disconnection of service. If all outstanding charges owed by GARDEN VALLEY to UTILITIES are not paid prior to disconnection, GARDEN VALLEY's obligation to make full payment shall survive termination of this Agreement.

8. Time for Cure. The time frame for a Party to cure a material breach shall be set forth in the notice of breach and shall in no event be less than ninety (90) days except in the case of an emergency.

9. Enforcement of Rights. Nothing herein shall prevent either Party from enforcing its rights under this Agreement by an appropriate legal or equitable action.

10. Remedies Cumulative. Remedies herein are cumulative and may be used individually, sequentially, concurrently, or in any order.

Article VI
Miscellaneous

1. Parties' Enforcement Powers. Both Parties to this Agreement recognize in the other Party the power to enforce its laws, rules and regulations and the terms of this Agreement by turning off or disconnecting wastewater service to a property within GARDEN VALLEY's Service Area for violations of such laws, rules, regulations and this Agreement. Neither Party shall turn back on or reconnect wastewater service for a property after the same has been turned off or disconnected by the other Party in the course of enforcing its laws, rules, or the terms of this Agreement, except upon written consent of the Party originally causing the turn off or disconnection. Each Party agrees to provide notice to the other Party prior to turning off or disconnecting wastewater service to property for violations of its laws, rules, regulations and this Agreement.

2. Annual Review of Agreement. GARDEN VALLEY understands that UTILITIES is a publicly owned treatment works, and is required by the Clean Water Act, 33 USC § 1251, *et seq.,* to control wastewaters introduced by all Users into UTILITIES' Wastewater Treatment System.

GARDEN VALLEY also understands that UTILITIES is subject to present and continuing Federal and State statutory and regulatory controls and other factors which may, subsequent to the Effective Date, be added to or amended. The Parties will review and determine if revisions to this Agreement are necessary to ensure compliance with all applicable Federal, State and local laws, rules and regulations issued thereunder and other added or amended controls or factors, as necessary, but at least once every year on or before February 15. GARDEN VALLEY agrees to cooperate with UTILITIES in preparing, executing and implementing any revisions to this Agreement deemed necessary in order to comply with Federal or State law or regulation.

3. GARDEN VALLEY Dissolution. In the event that GARDEN VALLEY seeks to dissolve pursuant to relevant laws, rules and regulations, GARDEN VALLEY shall provide a copy of its dissolution petition to UTILITIES at the time of its filing. The dissolution petition shall provide for assignment of GARDEN VALLEY's rights and obligations under the Agreement to a party acceptable to UTILITIES. If no provision is made for such an assignment or other arrangement reasonably acceptable to UTILITIES, upon GARDEN VALLEY's dissolution, this Agreement shall be null, void and of no further force or effect, and UTILITIES shall have no further obligation to provide wastewater treatment service pursuant to the terms of this Agreement.

4. Representatives and Notice. All notices, reports and submittals required by this Agreement shall be in writing, signed by an authorized representative of the Party providing the notice, report or submittal and shall sent by overnight delivery service, or mailed by certified mail, postage prepaid, return receipt requested, as follows:

a. For UTILITIES:

i. For notices required under Articles I.3, I.4.d, I.7.6, and IV:
Colorado Springs Utilities
Attn: Industrial Pretreatment Program
701 E. Las Vegas St.
Colorado Springs, CO 80903: and

City Attorney's Office - Utilities Division
United States Postal Service Address:
Colorado Springs Utilities
ATTN: Utilities Division
P.O. Box 1103
Colorado Springs, CO 80947-0940

ii. For notices required under I.4.d, and Article IV:

Manager
Water & Wastewater Operations
456 W. Fontanero St | MC: 1210 | Colorado Springs, CO 80909:
and

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City Attorney's Office - Utilities Division
Colorado Springs Utilities
ATTN: Utilities Division
P.O. Box 1103
Colorado Springs, CO 80947-0940

iii. For all other notices: Chief Strategic Planning and Projects Officer

Colorado Springs Utilities
ATTN: Chief Strategic Planning and Projects Officer
P.O. Box 1103,
Colorado Springs, CO 80947-0950; and

i. City Attorney's Office - Utilities Division

Colorado Springs Utilities
ATTN: Utilities Division
P.O. Box 1103
Colorado Springs, CO 80947-0940

b. For GARDEN VALLEY:

Garden Valley Water and Sanitation District
ATTN: Operator in Responsible Charge (ORC) Robert Kulp
Plukworks Ltd.
28104 Tresine Dr.
Evergreen, CO 80439

Cockrel Ela Glesne Greher & Ruhland, P.C.
ATTN: Joseph W. Norris, Esq.
44 Cook Street, Suite 620
Denver, CO 80206

5. Force Majeure. Neither Party hereto shall be liable to the other for any failure, delay, or interruption in performing its obligation hereunder due to causes or conditions beyond its reasonable control, including strikes, riots, wars, floods, fires, explosions, global pandemics, epidemics, acts of nature, acts of government, labor disturbances, or if such performance would be prohibited or limited by any federal, state, or local law, rule, regulation, order or directive.

6. 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.

7. 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. Acceptance by UTILITIES into UTILITIES' Wastewater Treatment System from GARDEN VALLEY of wastewater in a volume or with characteristics exceeding or violating any limit or restriction provided for, by or pursuant to this Agreement, in one or more instances or under one or more circumstances, shall not constitute a waiver of such limit or restriction or of any of the provisions of the Agreement and shall not in any way obligate UTILITIES thereafter to accept or to make provision for wastewater delivered and discharged into UTILITIES' Wastewater Treatment System in a volume or with characteristics exceeding or violating any such limit or restriction in any other instance or under any other circumstances.

8. Audits**.** UTILITIES shall have the right to audit at any time all of GARDEN VALLEY's records relating to any GARDEN VALLEY's Customers or relating to compliance with this Agreement. GARDEN VALLEY shall have the right to audit all UTILITIES' records relating to compliance with this Agreement.

9. Liability.
   a. 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***.**

   b. UTILITIES' Limitation of Liability. In addition to force majeure events described in this Agreement, UTILITIES shall not be liable to GARDEN VALLEY for failure to accept or treat GARDEN VALLEY's wastewater when such failure is the result of upset or mechanical or power failure. UTILITIES shall have the right to interrupt service and require GARDEN VALLEY to temporarily store and contain wastewater flows to the extent of GARDEN VALLEY's storage capabilities in the event of malfunction or upset of UTILITIES' facilities. In the event of planned maintenance which makes UTILITIES' Wastewater Treatment System unavailable to accept GARDEN VALLEY's wastewater, a 48-hour notice shall be given to GARDEN VALLEY, after which GARDEN VALLEY will temporarily store and contain wastewater to the extent of its storage capabilities.

10. No Third-Party Beneficiaries. Enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to GARDEN VALLEY and UTILITIES, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other or third person under such agreement. It is the express intention of GARDEN VALLEY and UTILITIES that any person other than GARDEN VALLEY or UTILITIES receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

11. 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 GARDEN VALLEY for future performance and obligations thereafter in excess of UTILITIES' authorized appropriation for this Agreement or the applicable spending limit, whichever is less. UTILITIES will notify GARDEN VALLEY as soon as reasonably practicable in the event of non-appropriation or in the event a spending limit becomes applicable.

GARDEN VALLEY's obligations under this Agreement are expressly subject to appropriation of funds by GARDEN VALLEY's Board of Directors. In the event funds are not appropriated in whole or in part sufficient for performance of GARDEN VALLEY's obligations under this Agreement, then this Agreement will thereafter become null and void by operation of law, and GARDEN VALLEY will thereafter have no liability for compensation or damages to UTILITIES for future performance and obligations thereafter in excess of GARDEN VALLEY's authorized appropriation for this Agreement, whichever is less. GARDEN VALLEY will notify UTILITIES as soon as reasonably practicable in the event of non-appropriation or in the event a spending limit becomes applicable. Nothing in this Agreement shall be interpreted or construed as a multiple-fiscal year obligation of GARDEN VALLEY pursuant to Article X, Section 20 of the Colorado constitution (TABOR). Notwithstanding the forgoing, GARDEN VALLEY's obligation to pay the applicable rates, charges, surcharges, and fees owed to UTILITIES for provision of Wastewater Service under this Agreement through GARDEN VALLEY's water and sanitary sewer enterprise fund are not subject to appropriations by GARDEN VALLEY's Board of Directors.

12. 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 Agreement provisions shall continue to be binding upon the Parties who agree that this Agreement shall be reformed to replace such stricken provision with a new provision that comes as close as possible to expressing the intention of the stricken provision.

13. Assignment. 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 herein contained, however, shall be construed as preventing the reorganization of any Party hereto nor as preventing any other body corporate and politic succeeding to the rights, privileges, powers, immunities, liabilities, disabilities and duties of either Party hereto, as may be authorized by law, in the absence of any prejudicial impairment of any obligation of contract hereby imposed.

14. 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.

15. Governing Law, Jurisdiction and Venue. This Agreement shall be construed in accordance with the laws of the State of Colorado without reference to conflicts of laws, the Colorado Springs City Charter, the Colorado Springs City Code, the URRs, and Tariffs. In the event of litigation, this Agreement shall be enforceable by or against the City on behalf of UTILITIES as provided in City Code § 12.1.109. In the event of any dispute over the Agreement's terms and conditions, the exclusive venue and jurisdiction for any litigation arising hereunder shall be in the District Court of El Paso County, Colorado and, if necessary, for exclusive federal questions, the United States District Court for the District of Colorado.

16. Entire Agreement; Modifications to be in Writing. This Agreement with attachments constitutes the entire agreement between the Parties and supersedes all previous written or oral communications, understandings, and agreements between the Parties unless specifically stated herein. This Agreement may only be amended by a written agreement signed by both Parties. E-mail and all other electronic (including voice) communications from a Party in connection with this Agreement are for informational purposes only. No such communication is intended by either Party to constitute either an electronic record or an electronic signature, or to constitute any agreement by either Party to conduct a transaction by electronic means. Any such intention or agreement is hereby expressly disclaimed.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

COLORADO SPRINGS UTILITIES	GARDEN VALLEY WATER & SANITATION DISTRICT
By: ________________________	By: ________________________
Name: Travas Deal____________	Name: ______________________
Title: Chief Executive Officer	Title: ______________________
Approved as to form: _____________	Attest: ______________________

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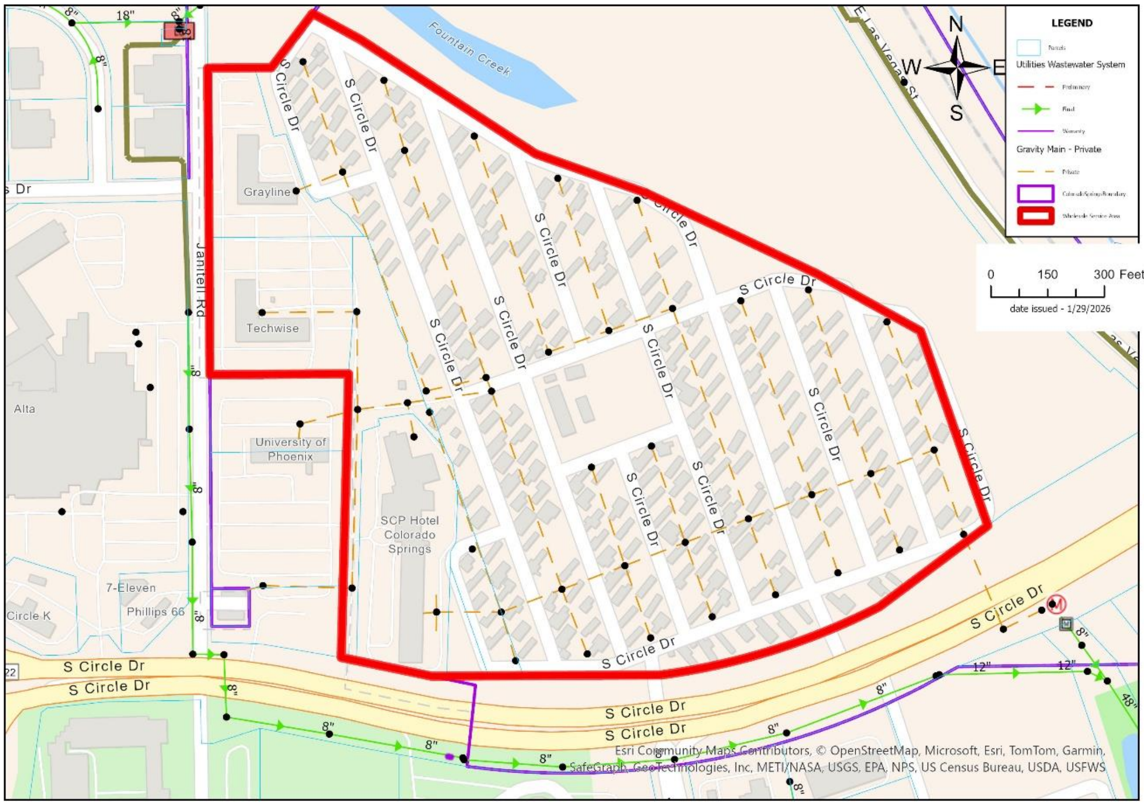
Exhibit A
to the
WASTEWATER SERVICE AGREEMENT
Special Contract for Service - Outside City Limits
GARDEN VALLEY



Garden Valley Service Area

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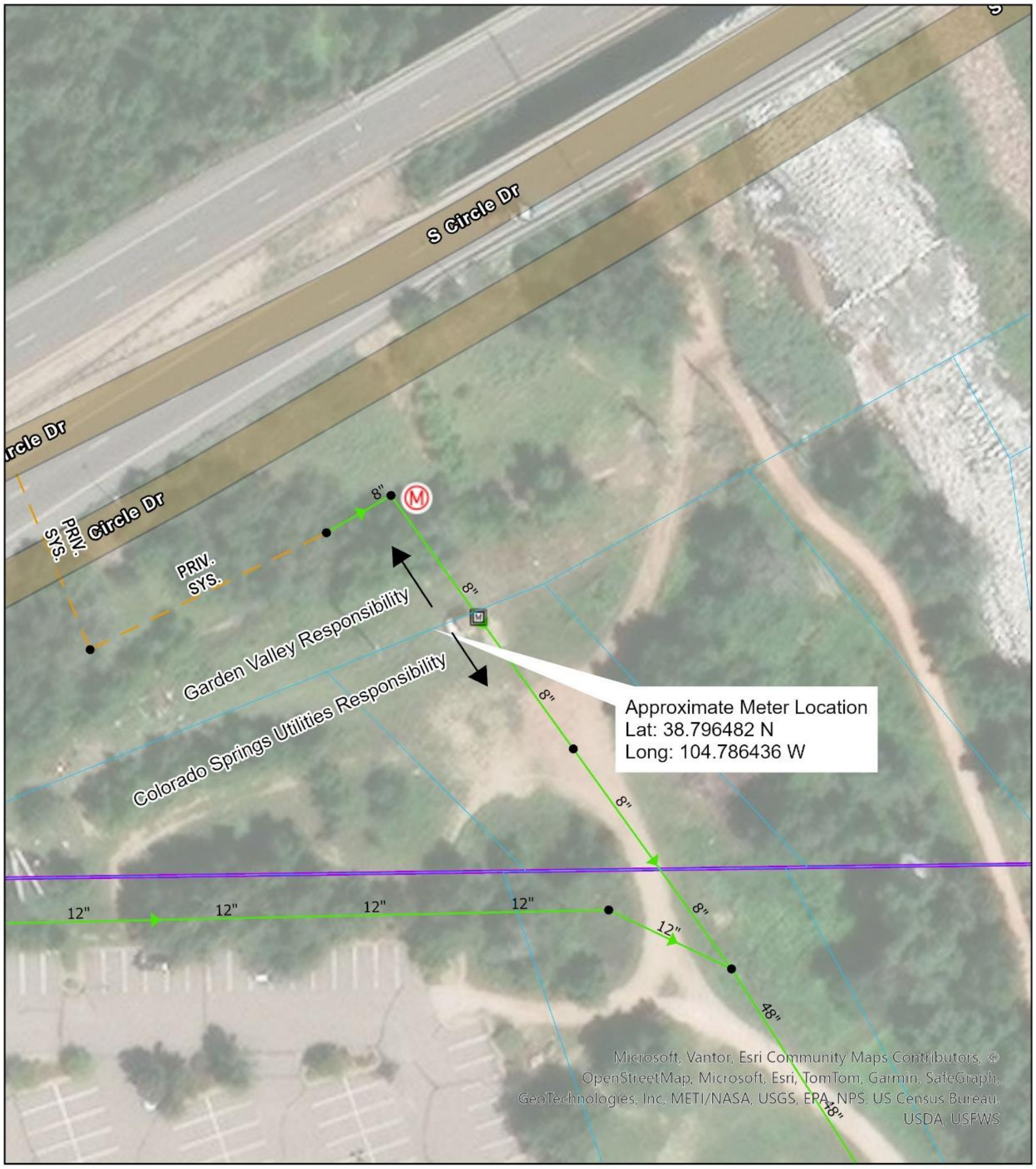
Exhibit B
to the
WASTEWATER SERVICE AGREEMENT
Special Contract for Service - Outside City Limits
GARDEN VALLEY



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