

AGENDA
Wednesday, Aug. 16, 2023
1:00 p.m.
Join on your computer or mobile app
[Click here to join the meeting](#)
Or call in (audio only)
[+1 719-733-3651](tel:+17197333651), [889614015#](tel:+17197333651)

- | | | |
|------------------|---|--|
| 1:00 p.m. | 1. Call to Order | Chair Donelson |
| 1:05 p.m. | 2. Invocation and Pledge of Allegiance | |
| 1:10 p.m. | 3. Consent Calendar
These items will be acted upon as a whole, unless a specific item is called for discussion by a Board Member or a citizen wishing to address the Utilities Board. (Any items called up for separate consideration shall be acted upon following Compliance Reports.) | Chair Donelson |
| | 3a. Approval of Utilities Board Meeting Minutes: July 19, 2023 | Chair Donelson |
| 1:20 p.m. | 4. Recognition:
Water Conservation Team Awards: 2023 American Planning Association (APA) & 2023 Alliance for Water Efficiency (AWE)

National Preparedness Month | Lisa Barbato,
Chief Systems
Planning and
Projects Officer

Somer Mese,
Chief Operations
Officer |
| 1:30 p.m. | 5. Customer Comments <ul style="list-style-type: none"> • During the customer comment period, comments are accepted for any topic not on the agenda. | Chair Donelson |

- **Comments for specific agenda items will be taken following the presentation of the item and the Board’s discussion.**
- **Comments will be limited to three minutes per speaker, per item.**
- **Following the comments from customers that have signed up to speak, an announcement will be made seeking additional comments and the Board will accept all those wishing to comment.**

1:45 p.m.	6.	<p>Compliance Reports: I-2 Financial Condition and Activities (to include Contracts Over \$500K) G-7 – Q2</p> <p>I-4 Risk Management (Semi-annual)</p> <p>I-8 Asset Protection (Semi-annual)</p> <p>I-14 Enterprise Innovation (Annual)</p> <p>E-2 CEO Responsibilities</p> <ul style="list-style-type: none"> • Water Outlook • ECA/GCA Monitoring 	Travas Deal, Chief Executive Officer
2:00 p.m.	7.	Items Called Off Consent Calendar	
2:05 p.m.	8.	<p>Appointment of Scott Smith as Regular Member of the Utilities Policy Advisory Committee (UPAC)</p> <p><i><u>Vote</u> whether to appoint Scott Smith as regular member of the UPAC under City Code section 12.1.104 and Utilities Board Policy UBA-2</i></p>	Chair Donelson
2:15 p.m.	9.	<p>Appointment of David Watson as an Alternate Member of the Utilities Policy Advisory Committee (UPAC)</p> <p><i><u>Vote</u> whether to appoint David Watson as alternate member of the UPAC under City Code section 12.1.104 and Utilities Board Policy UBA-2</i></p>	Chair Donelson
2:30 p.m.	10.	<p>2024 Budget and Rate Case</p> <p><i><u>Informational</u> presentation regarding proposed City Council approval of Utilities 2024 Budget and Rate Case under City Charter section 6-40 and City Code section 12.1.104</i></p>	John Hunter, Financial Planning and Risk Manager

Scott Shirola,
Pricing and Rates
Manager

3:30 p.m. **11.** Board Member Updates

Board of
Directors

3:40 p.m. **12.** Summary of Board Actions

Andie Buhl,
Utilities Board
Administrator

3:50 p.m. **13.** Adjournment

Chair Donelson

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, July 19, 2023

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

Chair Dave Donelson, Vice Chair Yolanda Avila, Mike O'Malley, Randy Helms, Nancy Henjum, Lynette Crow-Iverson, David Leinweber, Brian Risley and Michelle Talarico

Staff members present via Microsoft Teams or Blue River Conference Room: Travas Deal, Tristan Gearhart, Renee Adams, Somer Mese, Mike Francolino, Natalie Watts, Andie Buhl, Katie Garrett, Abby Ortega, Jessica Davis, Bryan English, Kim Gortz, Margaret Radford, Kelly Roesch, Brian Fergen, Christian Nelson, Daniel Norton, Jared Miller, Larry Dunn, Sheryl Gunn and Martin Ruybal

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Alex Ryden, Renee Congdon, Jamie Fabos, Chris Bidlack, David Beckett and Peter Wysocki

Citizens present via Microsoft Teams or Blue River Conference Room: Hillary Dussing, Larry Barrett and Kelly Roesch

1. Call to Order

Chair Donelson called the Utilities Board meeting to order at 1:02 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Board Member Randy Helms delivered the invocation and Board Member Crow-Iverson led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Utilities Board Meeting Minutes: June 21, 2023

Utilities Board Member Avila moved approval of the Consent Calendar and Board Member Crow-Iverson seconded the motion. The Consent Calendar was unanimously approved.

4. Recognition

Customer Technology Modernization (CTM) Project

Mr. Mike Francolino, Customer and Enterprise Services Officer, provided an overview of the CTM project and thanked staff who contributed to its success.

Mr. Travas Deal, Chief Executive Officer, also recognized Ms. Margaret Radford, Senior Public Affairs Specialist, for her service to the community as a former City Council member and Springs Utilities employee. Mr. Francolino, Board Member Henjum, and Board Member Avila echoed Mr. Deal's comments. Ms. Radford reflected on her experience and expressed appreciation as she retires from the organization at the end of the month.

5. Customer Comments

There were none.

6. Compliance Reports

- I-3 Financial Planning & Budgeting G-8
- I-6 Infrastructure G-12
- E-2 CEO Responsibilities
 - Water Outlook

Ms. Katie Garrett, Engineer III – Water Conveyance, discussed local weather conditions as of July 16, 2023 and the Colorado drought monitor which shows that Colorado is drought free for the first time since 2019. She also said the June 1 yield forecast predicts 107% of average yield from Colorado Springs' water collection systems this year.

Ms. Garrett explained how the 2023 actual consumption graph shows the effect of weather on consumption following wetter or drier periods. Total year-to-date consumption as of July 16 was 10.59 billion gallons; the near-term average through July 16 is 11.96 billion gallons. She reviewed monthly water use for June which is about 2 billion gallons. She also discussed Colorado Springs' system wide storage is about 238,900 acre-feet, or 92.1% of capacity, which is above the longer-term (1991-2021) average of 83% for this time of year. This equates to about 3.3 years of demand in storage.

Ms. Garrett said Colorado Springs Utilities' transmountain watersheds received near or above normal snowpack in water year 2023 and local watersheds received below average snowfall in water year 2023; however, above average rainfall this spring/early summer contributed to storage on South Slope and the Colorado Canal. She also noted that South Catamount Reservoir capacity remains restricted for planned dam maintenance this fall and Crystal Reservoir is currently being backfilled from North Catamount Reservoir.

7. Items Called Off Consent Calendar

There were none.

8. Election of Utilities Board Vice Chair

Chair Donelson asked for nominations for the Vice Chair of the Utilities Board and explained the process that would be followed. Chair Donelson nominated Board

Member Avila for Vice Chair due to her tenure as a Utilities Board member. Board Member Henjum also nominated Board Member Avila.

Ms. Buhl polled the Utilities Board and Board Members Avila, Crow-Iverson, Helms, Henjum, Leinweber, O'Malley, Risley, Talarico and Chair Donelson voted in favor of Board Member Avila. It was unanimous and Chair Donelson announced Board Member Avila as the new Vice Chair of the Utilities Board. Vice Chair Avila shared her excitement and thanked Board Members for their support.

9. The Acquisition of an Easement to be used for the Kelker to South Plant Transmission Project

Ms. Jessica Davis, Information Technology Manager, said staff is requesting that the Utilities Board move forward a resolution to City Council that allows Springs Utilities to purchase an easement for the Kelker to South Plant transmission project. She said the Kelker to South Plant transmission project is for a new overhead single circuit 115kV transmission line from Kelker Substation to South Plant Substation. She said Springs Utilities is modernizing the electric grid for sustainability and system resiliency and reliability.

Ms. Davis reviewed the vicinity map for easement and concluded with property information. Utilities Board Member Helms moved approval of this item and Board Member Crow-Iverson seconded the motion. The acquisition of an easement to be used for the Kelker to South Plant Transmission Project was unanimously approved to go on Consent at the Aug. 8, 2023 City Council meeting.

10. Water Service Extension for Extol Park Vista Addition No. 2 Annexation

Mr. Bryan English, Project Manager III, reviewed the location of the Extol No. 2 annexation as well as its agreement. He said Extol Homes, LLC requests:

- Annexation of 0.7-acre vacant property
- Four lots in Park Vista area enclave
- Proposed land use is single family-attached homes

Mr. English said the annexation would result in the extension of Springs Utilities' water service boundary and would support economic development in the City and potentially generate utility revenue for Springs Utilities. He provided an overview of the application of water service ordinance and concluded with a map of the annexation location.

Board Member Henjum acknowledged Board Member Risley's efforts to create efficiencies with the current annexation process.

Utilities Board Member Henjum moved approval of this item and Board Member Talarico seconded the motion. The water service extension for Extol Park Vista addition No. 2 annexation was unanimously approved to move forward to the City Planning Commission.

11. Water Rights Acquisition and Filing of Water Court Application

Ms. Kim Gortz, Water Supply Resources Manager, reviewed the Arkansas Basin Water Sharing program. She said Springs Utilities entered into a Purchase and Sale Agreement with Mathis Golden Farm, LLC to acquire 80 shares in the Fort Lyon Canal Company (FLCC), which will yield an average of 80 acre-feet per year, as well as real property covenants and agreements necessary for Springs Utilities to use the water derived from the shares. She said this project is consistent with policy direction contained in Springs Utilities' 2017 Integrated Water Resource Plan and the Colorado Water Plan to pursue municipal water supply in a way that maintains the viability of agriculture in communities of the Lower Arkansas Basin.

Mr. Kelly Roesch, Project Manager - Arkansas Valley Field Office, provided a site location overview and said Mathis Golden properties are located along the same lateral as the previously acquired water from the Wertz properties. He gave a project overview and explained key terms regarding the project:

- Colorado Springs Utilities to acquire 80 FLCC corner shares (approximately 80 acre-feet of water) for \$520,000 (\$6,500/Share)
- Center pivots are already installed and operating on the farm
- 80 FLCC shares = 17% of totals shares historically used on the farm
- Acquisition is consistent with the Bent County Intergovernmental Agreement (IGA)

Ms. Gortz and Mr. Roesch concluded with next steps. The Utilities Board provided a head nod for this item to go on consent at the Aug. 8, 2023 City Council meeting.

12. Board Member Updates

Board Member Helms thanked Board Member O'Malley for his service as the former Vice Chair of the Utilities Board and congratulated newly elected Vice Chair Avila.

Board Member Henjum, Chair of the Finance Committee, said the August Finance Committee meeting will provide an update about the Utilities Policy Advisory Committee (UPAC) assignment and asked for non-Finance Committee members to attend. She also thanked staff and UPAC members for their work on this assignment so far.

Vice Chair Avila thanked everyone for their confidence in her to become the next Utilities Board Vice Chair. As the Chair of Personnel Committee, she reviewed topics discussed at the July meeting and highlighted how Springs Utilities has an occupational health clinic for employees and a comprehensive plan for contractors.

Board Member Risley, Chair of Strategic Planning Committee (SPC), reviewed agenda topics from the July meeting and thanked everyone who attended. He appreciated the information staff provided about planning for growth over the next 50 years and

reiterated how he wants to streamline the water ordinance process. He said the purpose of SPC will be discussed at next month's meeting.

Board Member Talarico, Chair of Program Management Review (PMR) Committee, also thanked outgoing Vice Chair Mike O'Malley and incoming Vice Chair Avila. She said she attended all committee meetings this month and thanked her colleagues for their support. She also reviewed core projects that will be reviewed at the upcoming PMR Committee meeting next month.

Board Member O'Malley echoed Board Member Risley's comments about S and said moving forward, he wants to prioritize topics at SPC and that helps Springs Utilities in the future.

Board Member Henjum also said there are several things the Utilities Board needs to address and recommended a future retreat for all Board Members.

Chair Donelson thanked all committee chairs for providing updates. He said he attended the UPAC meeting last month and on behalf of the Utilities Board, he explained to them that the full Utilities Board needs additional time and information on the cost recovery assignment before any action is taken. Chair Donelson said this is especially important for the four newest Board Members who joined the Board at the tail-end of the UPAC assignment and have not had the benefit of receiving updates on the assignment over the last 9 months. He said an update will be provided at the next Finance Committee meeting on Monday, Aug. 14, 2023 and highly encourages all Board Members to attend.

13. Summary of Board Actions

The acquisition of an easement to be used for the Kelker to South Plant Transmission Project was unanimously approved to go on Consent at the Aug. 8, 2023 City Council meeting.

The water service extension for Extol Park Vista addition No. 2 annexation was unanimously approved to move forward to the City Planning Commission.

The Utilities Board provided a head nod for Water Rights Acquisition and Filing of Water Court Application to go on consent at the Aug. 8, 2023 City Council meeting.

14. Executive Session

Ms. Renee Congdon, City Attorney Division Chief – Utilities, read the following language to enter Executive Session.

In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Law, C.R.S. § 24-6-402(4)(b) and Utilities Board Bylaws Rules 10(c)(2), 10(c)(5), and 10(c)(7), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session on one issue. The issue to be discussed involves

conferences with the City Attorney's Office regarding determining positions relative to contract negotiations regarding gas resources, including consideration of documents containing confidential and proprietary information.

The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.

Ms. Congdon called the roll and polled the Utilities Board. They voted unanimously to enter Executive Session by a vote of 9 to 0.

They took a break at 2:07 p.m. and entered Executive Session at 2:21 p.m. They returned to Open Session at 3:13 p.m.

15. Adjournment

The meeting adjourned at 3:15 p.m.

Board Memo Agenda Item

Staff Report

Date: August 16, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Water Conservation Team Awards: 2023 American Planning Association (APA) & 2023 Alliance for Water Efficiency (AWE)

NARRATIVE:

Desired Action: Information

Executive Summary: The Colorado Springs Utilities Water Conservation Team recently received notification that they have been selected to receive two awards:

- 2023 Colorado Honor Award from the APA in the category of Growing Water Smart for their work along with City Planning to update the commercial landscape code and policy manual and water efficiency plan. This award recognizes Colorado towns, cities and counties that have made exceptional strides in integrating water conservation, efficiency, quality or reuse into their land use plans and policies.

There will be a live, in-person awards ceremony during the 2023 Colorado Planning Conference in Colorado Springs on Thursday, Sep. 28, at 8:30 a.m. Tickets are available.

- 2023 Excellence in Equity Award from the AWE, which recognizes one of their member organizations for significant success in advancing equity through their work with diverse populations. The Water Conservation Team advanced several programs to meet the goal of achieving widespread efficiency in residential indoor use, regardless of income, housing type or ownership.

The award was presented at the AWE's Awards Reception on Wednesday, Aug. 2 during their Water Efficiency and Conservation Symposium.

Benefits: Award Recognition
Board Policy: N/A
Cost/Budget: N/A
Affected Parties: Colorado Springs Utilities Water Conservation Team
Alternatives: N/A

Submitter: Lisa Barbato	Email address: lbarbato@csu.org
Division/ Department: Systems Planning & Projects	Phone number: 719-668-8740
	Date submitted: July 5, 2023

SPG Staff Use Only: Consent Calendar	Yes	<input checked="" type="checkbox"/>	No	ITEM NO. 4
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June 26, 2023

Colorado Springs Utilities
2855 Mesa Rd. MC: 1300
Colorado Springs, CO 80904

Dear Ms. Gallucci:

On behalf of APA Colorado, the Sonoran Institute, and the Babbitt Center for Land and Water Policy, I am pleased to inform you that you have been selected to receive a **2023 APA Colorado Honor Award in the category of Growing Water Smart** for your work to update the commercial landscape code and policy manual and water efficiency plan!

Please join us for the live, in-person Awards Ceremony during the 2023 Colorado Planning Conference in Colorado Springs. The Awards Ceremony will take place on Thursday, September 28th at 8:30 am. The ceremony is included in the cost of the conference. However, we are happy to provide one complimentary ticket for a member of your team if no one is attending the conference. Additional tickets are available, as well.

Please provide confirmation of your attendance by August 11, 2023 to Abbey Aguirre at Admin@APAColorado.org, including who will be receiving the free ticket, and the name(s) of all who will be attending. The ceremony will be the official award recipient announcement, so please refrain from any public statements until after the ceremony.

In addition to the Awards Ceremony, we wish to highlight our award winners in four other ways. Please submit the following items to Abbey Aguirre at Admin@APAColorado.org:

1. **Video (deadline - August 31, 2023):** We ask you to create a 1-2 minute video about your project. This video does not need to be of professional quality, can be done by phone or other means, and should include visuals of the project and short interviews with key planners in the process. These videos will be included on our website, social media platforms, YouTube channel, and other avenues.
2. **Social Media (deadline - August 31, 2023):** Please provide a photo(s) and short project summary (50 words or less) for social media postings. We plan to highlight each winner on our social media channels.
3. **Newsletter (deadline - October 15, 2023):** Please prepare a short article (500 words or less) for the November Planning Matters newsletter in a word document. The photos from your social media post will also be included.
4. **Participation in Growing Water Smart conference session (September 29, 2023):** The Sonoran Institute is moderating a panel about water and land use integration metrics and we invite you to talk about your Land Use-based water demand model during this session, from 4-5pm on 9/29.

We thank you for your award-winning planning efforts and hope you will join us to celebrate this September.

Sincerely,

Waverly Klaw, AICP

Growing Water Smart Program Director, Sonoran Institute

APA Colorado, 2023 Chapter Awards Nomination

Title or Name: Integrated Land and Water Use Planning for the City of Colorado Springs

The City of Colorado Springs has undergone careful transformation of land and water use planning by updating the commercial landscape code and policy manual and water efficiency planning. These planning updates allowed us to add a 25% high water use turf limit to any new development including residential, document water use estimates as part of the development plans approval process and a redesign our water demand forecast from population-based to changes in growth rates by land use type.

Category: Growing Water Smart Award for “processes that have increased integration among land use planners and water providers that result in water-related improvements to development applications.”

Project Location: City of Colorado Springs and the Colorado Springs Utilities service territory that includes City of Cascade, Green Mountain Falls and five military bases.

Award Contact: Julia Gallucci, Water Conservation Supervisor, jgallucci@csu.org, office 719-668-7820 or cell 719-205-9401, 2855 Mesa Road, Colorado Springs, CO 80904.

Project Team:

- Clarion Associates – RetoolCOS Project Consultant
1600 Stout Street, Suite 1700, Denver, CO 80202
 - Don Elliott, FAICP – Project Manager, delliott@clarionassociates.com, 303-830-2890
 - Geoff Green, AICP, ggreen@clarionassociates.com, 303-830-2890
 - Darcie White, AICP, dwhite@clarionassociates.com, 303-830-2890
 - Holly White, hwhite@clarionassociates.com, 303-830-2890
- Morgan Hester, AICP, CNU-A, City of Colorado Springs, Planning Manager and RetoolCOS Project Manager, Long Range Planning Division, 719-385-5177, morgan.hester@coloradosprings.gov.
- Daniel Gould, City of Colorado Springs, Senior Landscape Architect, Long-Range Planning Division, 719-385-5375, Daniel.gould@coloradosprings.gov.
- Scott Winter, Colorado Springs Utilities, Program Manager IV, Water Resources Management, 719-668-4590, swinter@csu.org.
- Catherine Moravec, Colorado Springs Utilities, Lead Conservationist, Water Resources Management, 719-668-4559, cmoravec@csu.org.
- Julia Gallucci, Colorado Springs Utilities, Water Conservation Supervisor, Water Resources Management, 719-668-7820, jgallucci@csu.org.

I approve this award submission on behalf of the City of Colorado Springs:

[please see attachment for signatures]

Mike Tassi, Assistant Director of Planning & Community Development

I approve the award submission on behalf of Colorado Springs Utilities:

[please see attachment for signatures]

Abigail Ortega, GM, Resource and Infrastructure Planning

Estimated Project Budget & Duration:

Plan	Duration	Budget
RetoolCOS Project	December 2019 – June 2023	\$369,940 (Clarion Associates)
Water Efficiency Plan	Jan 2021 – June 9, 2022	Staff time ~800 - 1,000 hrs

Website Link

RetoolCOS is the project resulting in the City Council-adopted Unified Development Code (UDC) that includes an update to the Commercial Landscape Code and supporting Policy Manual: [RetoolCOS - Zoning Ordinance Update | City of Colorado Springs](#)

Water Efficiency Plan that includes a land-use based water demand forecast (pp 17-20): [2022 Water Efficiency Plan \(csu.org\)](#)

Additional Information

Integrated Land and Water Use Planning for the City of Colorado Springs

The City of Colorado Springs and Colorado Springs Utilities began working more closely together on integrated land and water use planning after mutually attending the WaterSmart Land and Water Use Planning Workshop in the fall 2019. During this workshop we collaboratively identified the critical nature of connecting our land and water planning. We also agreed that political pressures would not be easy to overcome in this endeavor, and we determined that it would be best to identify planning activities we could engage in across the next few years as our first areas of focus. Our goal was to integrate land and water use planning in those planning efforts as they evolved, rather than re-visit completed planning efforts.

The two planning efforts we were able to influence the most were the City of Colorado Springs' RetoolCOS project to amend the zoning code, and Colorado Springs Utilities' update to the Water Efficiency Plan.

RetoolCOS revised the Zoning and Subdivision Ordinance, [Chapter 7 of City Code](#), which had not been comprehensively updated since the late 1990s. The primary goal of the project was to establish a new, modern, and more user-friendly Unified Development Code (UDC) as directed by PlanCOS, the 2019 Council-adopted comprehensive plan. The zoning and subdivision ordinance governs how property owners can use their land—and includes regulations such as building height, setbacks between properties and from property lines, parking and landscaping requirements, application procedures, and how residents and neighborhoods can participate in the land development process. The RetoolCOS project gave the City of Colorado Springs and Colorado Springs Utilities an opportunity to update the Commercial Landscape Code which became part of City Code in 2001.

Through this effort, we were able to progressively establish regulatory language through the City Council-adopted Unified Development Code (UDC) for a 25% high water use turf limit on all new commercial developments, including residential developments, and the individual yards within those developments. Through the accompanying Landscape Policy Manual, we also were able to improve irrigation efficiency equipment requirements, water-wise plant and tree requirements, and soil amendments.

One of the most difficult changes to gain approval from management, City Council, and the Utilities Board was the 25% high water use turf limit. Through a series of collaborative presentations, discussions and virtual community tours that demonstrated the need and the issues around current landscape installs, we were able to successfully address the political concerns, and the City Planning staff was able to gain approval. This process took many, many months. While many municipalities in Colorado have also (during this same time period) implemented turf limits in various ways, the high water use turf limit proposed through the RetoolCOS project was challenging to gain approval for and very progressive for our City. A general 25% high water use turf limit (vs. specifying where and how much high water use turf can be installed) also gives our community members and developers more flexibility in landscape design while

still saving water. Combined, these Code changes will allow Colorado Springs Utilities to gain over 400 AF of annual savings by 2030.

The Water Efficiency Plan (WEP) is a water conservation planning document that must be submitted to the state of Colorado (The Colorado Water Conservation Board) every seven years. As part of the requirements of this document we needed to establish a comprehensive demand forecast. Acknowledging the critical influence of land use patterns and density on water demands, Colorado Springs Utilities (Scott Winter, Project Manager) developed a Land Use-based Water Demand Model in 2021 for the 2022 Water Use Efficiency Plan update.

A land use-based modeling approach consists of modeling future changes in water demands based on recent or emerging development patterns and urban planning documents and ordinances. Land use-based models are integrated into geographic information systems and demands are assessed according to land use classification and by a measure of usage rates, such as water demand per acre of developed land. This method is most useful where large areas of undeveloped land exist within a utility's water service boundary and where urban planning documents are available and regularly updated.

The land use-based modeling approach provides a relatively simple platform to examine the effects of changes in growth rates by land use type, overall mix of land uses, service area boundaries, and water use rates by land-use type. This type of model is useful in coordinating with land use planning entities, other utility services, and for targeting and designing conservation efforts.

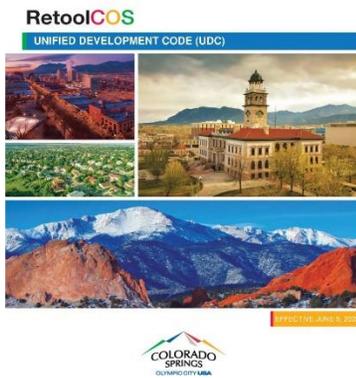
The Colorado Water Plan states that Coloradans should be ready to be limited in their outdoor use to one-day-per-week watering by 2050. The 25% high water use turf limit that is now codified through the UDC will ensure that any new development has landscape designs that are more resilient for our climate and our future water availability.

Combined with the UDC, these models and plans will allow us to better manage outdoor water use in new developments and better predict how demands will change as land-use changes. Because these policy changes are relatively new, we hope to capitalize on their value by developing landscape design competitions and public landscape examples to ensure that these planning changes are understood and provide great benefit to our community over time.

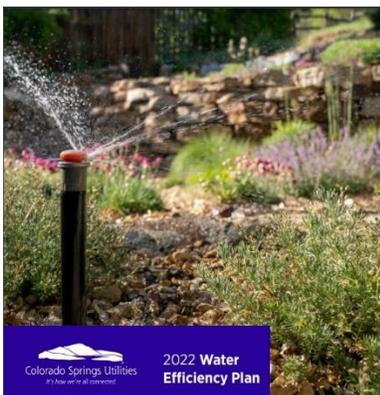
Project Images



Growing Water Smart Workshop 2019. Project team participants: Morgan Hester, Julia Gallucci, Daniel Gould.



RetoolCOS cover page to the updated Unified Development Code (UDC). Due to COVID the public process for this planning effort was largely virtual.



Water Efficiency Plan cover page containing land use-based water demand model. The public process for this planning effort included soliciting feedback via our website. That feedback is contained at the back of this document.

than 25 dwelling units per acre generate about 3 times more demand per acre than medium density parcels city-wide in homes built since 1990. Housing developed since 1990 produces a higher rate of water use per acre than the city-wide average in all residential LUCs.



Figure 12: New residential water use per acre by LUC

Figure 13 shows the difference in usage rate in gpcd across these different housing densities for parcels city-wide and for those developed since 1990. Lower gpcd associated with higher density development is generally a function of much lower landscape irrigation demand per person. Similar to usage rates per acre, residential gpcd rates are higher in new construction in all LUCs except for parcels with 25 or more dwelling units per acre.



Figure 13: City-wide residential gpcd by LUC

These observed demand patterns demonstrate the importance of understanding and appropriately considering land use, density, and age of construction in forecasting and planning for future water demands.

Land Use-based Water Demand Forecast

Model Inputs

Land Use Data

The Land-use Based Water Demand Model (the Model) utilizes 15 land use classifications derived from City and El Paso County Assessor databases. The primary source for parcel-level land use classification information is a GIS-based land use code database provided by the City of Colorado Springs (City LUC) in January of 2020. The El Paso County Assessor (Assessor) database is also used as is Springs Utilities customer information. Springs Utilities potable water customer service points with four years (2016-2019) of monthly billed consumption data were spatially joined to the City LUC and attributes, including number of dwelling units and year-built data, from the Assessor database.

Land use classifications from the City LUC were converted to the corresponding Springs Utilities land use classifications (Utilities LUC) shown in Table 1. Modifications were made to the Utilities LUC field in instances where customer information or other knowledge was available that contradicted the assigned classification. Additional modifications were made to properly classify residential parcels according to dwelling unit density. To achieve this, Assessor dwelling unit and parcel area data were used to calculate dwelling units per acre. Parcels with densities different from the assigned classification were realigned accordingly. Residential classification names include the range of dwelling units per acre in parentheses.

Utilities LUC
Airport
Commercial - All other than Office
Commercial - Office
High Residential (8-11.99)
Industrial - Manufacturing
Industrial - Warehousing
Institution
Irrigated Open Space
Low Residential (0.5-3.4)
Medium Residential (3.5-7.99)
Residential - Common Area
Unirrigated Open Space
Very High Residential (12-25)
Very High Residential (25+)
Very Low Density Residential (0-0.4)

Table 1: Utilities land use classifications

Roughly 98% of the City LUC align with the Utilities LUCs. In about 2% of parcels, the LUCs were corrected based on additional information, the vast majority of which were residential parcels showing dwelling unit densities that did not correspond with El Paso County Assessor data. Utilities LUC were examined relative to customer data from the billing system to ensure that the land use classifications were in line with the current reality of land use in the service territory. This "ground-truthing" was performed to achieve more accurate baseline acreage, and subsequently water usage rate calculations for each land use classification.

Based on reviews of detailed information from Springs Utilities' billing system and from a prior parcel-level analysis conducted as part of Springs Utilities' participation in a Water Research Foundation-sponsored study in

Excerpt from Colorado Springs Utilities Land Use Demand Model and Forecast.



FAQ: RetoolCOS 25% Turf Limit

What will Colorado Springs' landscapes and water use look like in the future?

Adapting to a changing climate means changing the way we think about landscaping. Our water sources will likely not be as plentiful in the future, so we need to stretch efficient use even further.

Fortunately, there are beautiful landscapes that can be maintained in our semi-arid climate, even with 1-2 days/week watering. Rather than abandoning the high-quality landscapes we enjoy, high-water use turf can be limited or replaced with more water wise choices to help us retain Colorado Springs' vibrant appeal and provide recreational value.

QUESTIONS? 719-668-8232

What are the goals of the 25% turf limit outlined in RetoolCOS?

The proposed turf limit states that high water use lawns (ex: Kentucky bluegrass, tall fescue) shall not comprise more than 25% of the portion of a lot and no contiguous area less than 100 square feet for newly constructed homes. The core goals are:

1. To reduce outdoor watering while ensuring sustainable plant choices.
2. Respond to RetoolCOS participants' desire to preserve the City's beauty for our future.
3. Move towards landscape best practices among Front Range water providers.
4. Meet robust conservation program prerequisites for permitting new water supply projects.
5. RetoolCOS contains important actions to help us meet 2022 Water Efficiency Plan savings goals.

What will this change look like for single-family detached, new construction?

The turf limit does not impact existing residential but addresses commercial properties and new residential developments.

Market trends today show that turf grass usage in the majority of new landscapes has fallen to under 40% in both single family and common areas

We can continue to build on this trend by promoting many alternative grass options we have successfully tested in our demonstration garden. Five low water varieties would be exempt from the 25% turf limit. These grasses provide good curb appeal and require less maintenance when done right.



Turf (background) and native grass (foreground) in new home. New homes could install native grass throughout the irreplaceable area.



Recent construction with abundant high-water-use turf.



FAQ: RetoolCOS 25% Turf Limit

How will these landscape requirements be monitored by the City?

Many developers install front yards for the homeowner. As development plans are reviewed, applicants will submit typical landscape designs per building type that demonstrate they are meeting the 25% turf limit. The new rules and approved development plans give the City the legal ability to enforce turf limits.

Colorado Springs Utilities can support these limits through programs that provide more guidance and examples for new developments.

How do measures like a 25% turf limit address water supply challenges?

Adapting to our changing conditions means implementing a range of options to meet the water supply gaps we anticipate in future. The proposed turf limit ensures new developments are planning landscapes that are sustainable in our climate.

Consider that homes built in the last three decades use 20% more water per acre than neighborhoods constructed before the 1990s. This, despite many single-family neighborhoods being designed for recreation to occur in common areas rather than yards. Many new yards serve more of an aesthetic rather than functional purpose. Reducing turf use in yards while introducing more water wise landscaping can reduce water use while maintaining curb appeal.

How does Colorado Springs compare to other Front Range cities related to turf limits?

Front Range entities actively pursuing turf limits include City of Aurora, Denver Water, Castle Rock, Greeley, City of Manitou Springs, City of Fountain. Colorado Springs currently does not have a residential landscape code. As part of the new turf removal legislation (HB 22-1151), communities with existing turf restrictions for new development and other best practice landscape standards will be more competitive for grant funding.

Visit coloradosprings.gov > RetoolCOS



Front landscape with 25-30% turf in irrigable areas.



Typical lot size with front landscape (no high-water turf in irrigable areas).



Larger common areas with smaller lots, 2019-2022.

FAQ for City Council and Utilities Board re 25% Turf Limit.

2010-12 High Cost, Duplex/Patio Homes



Wolf Ranch: irrigated lots with 30-40% high water turf.

Colorado Springs Utilities

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~2010 Higher Purchase, Traditional, Large Lot



Flying Horse: irrigated lots with 30-40% high water turf.

Colorado Springs Utilities

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Colorado Springs Utilities

More than 50% irrigated lot

9

The above photo sets provided a virtual walking tour to our City Council members regarding the types of high-water landscapes we hoped to stop, in future, with the 25% turf limit. This same presentation provided examples of where the market was naturally evolving (to less turf) and opportunities for resilient, living landscapes that would be more universally promoted with the 25% turf limit.

Attachments

- 1) Two letters of support
- 2) Signatory approval page.

Board Memo Agenda Item

Staff Report

Date: August 16, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: 2023 National Preparedness Month

NARRATIVE:

Desired Action: Information

Executive Summary: National Preparedness Month is an observance each September to raise awareness about the importance of preparing for disasters and emergencies that could happen at any time.

Sponsored by the Federal Emergency Management Agency's (FEMA) National Ready Campaign, the 2023 National Preparedness Month theme is focusing on preparing older adults for disaster—specifically older adults from communities that are disproportionately impacted by the all-hazard events, which continue to threaten the nation.

Throughout the month of September, Springs Utilities will promote preparedness through participation in the Ready Campaign's social media campaign.

In advance of National Preparedness Month, Springs Utilities will honor Emergency Preparedness Week during the fourth week in August each year. The week will focus on employee training, exercises, and other related preparedness efforts. The second Springs Utilities' Emergency Preparedness week will take place Aug. 21 through Aug. 25, 2023.

Benefits: Raising awareness among employees about the importance of preparing for disasters and emergencies that could happen at any time.

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: N/A

Alternatives: N/A

Submitter: Erin Duran

Email address: eduran@csu.org

Division/ Department: Operations/ Emergency Management

Phone number: 719-668-3621

Date submitted: July 11, 2023

SPG Staff Use Only: Consent Calendar

Yes

X

No

ITEM NO. 4



Date: August 16, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Financial Condition and Activities (I-2)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	April 1, 2023 – June 30, 2023
Policy Title (Number):	Financial Condition and Activities (I-2)	Reviewing Committees:	Finance; Program Management Review
Monitoring Type:	Internal; City Auditor	Monitoring Frequency:	Quarterly, Annually
Guidelines:	Local Vendor (G-7)		

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

1. *Operate within total appropriations for the fiscal year and inform the Utilities Board of:*
 - a. *Significant financial variances*
 - Fuel expenses are projected to be \$214.6 million or 40% under the approved budget, primarily due to lower actual and forecasted 2023 natural gas prices than those projected at the time of the 2023 budget appropriation
 - Operating revenues are currently \$4.5 million or <1% under the approved budget, mainly due to a decrease in water sales related to weather
 - Capital expenses are projected to be \$34.3 million or 8% over the approved budget, primarily due to work shifting from 2022 to 2023
 - Non-fuel operating expenses are projected to be \$3.8 million or 1% under the approved budget, primarily due to labor and benefits shift to capital

- b. *Expenditures that exceed the Federal Energy Regulatory Commission capital and operating and maintenance budget classifications in electric, natural gas, water, wastewater and common.*

As of the end of the second quarter of 2023:

- Operating and maintenance expenses are projected to exceed the approved budget by \$3.9 million or 2% in Administrative & General (A&G) and \$0.4 million or <1% in wastewater.
- Capital expenditures are projected to exceed the approved budget by \$18.8 million or 8% in electric, \$5.4 million or 14% in gas, \$5.2 million or 7% in water, and \$8.8 million or 34% in common.

- c. *Budget transfers and canceled major capital projects over \$500,000 in the Approved Budget or new major capital projects not funded in the Approved Budget.*

In the second quarter of 2023, there were three canceled capital projects, two in electric, and one in water:

- Kelker 12.5kV Feeder Addition (193885) - \$2,500,000
- Arkansas Basin Storage (394755) - \$2,500,000
- Claremont Substation - Add Transformer, Switchgear, and Feeders (193884) - \$1,800,000

In the second quarter of 2023, there were six new capital projects, four in electric, one in wastewater and one in common:

- Fleet insourcing project (596743) - \$1,919,928
- J.D. Phillips Water Resource Reclamation Diversion Structure (495365) - \$1,875,000
- Voyager Parkway Bridge 200A & 600A Relocation (194049) - \$819,157
- Sustainable Energy Plan (SEP) Jackson Fuller Energy Storage (194073) - \$800,000
- SIP - UC Health Eastview Medical Center (173904) - \$690,390
- Patty Jewett Substation - Add New Transformer, Switchgear, Feeders, and Retire Memorial Hospital Sub (194026) - \$600,000

2. Inform the Utilities Board of contracts that have been issued over \$500,000.

In the second quarter of 2023, there were 30 new contracts initiated over \$500,000.

Service	Description	Type	Contract Amount
Electric Service	Front Range Power Plant Long Term Service Agreement	RELEASE	\$16,944,727
Wastewater Service	CSRRRF Electrical and Control Systems Upgrade	STANDARD	\$9,076,580
Electric Service	Network Fiber Backbone Construction Services	STANDARD	\$7,701,618
Gas Service	Natural Gas Main and Service Line replacement	RELEASE	\$3,654,564
Electric Service	Front Range Power Plant Long Term Service Agreement	RELEASE	\$2,126,261
Electric Service	SEP Midway - Kelker Transmission Line	STANDARD	\$2,111,487
Electric Service	Nixon 2 Turbine and Generator Major Inspection and Parts Refurbishment	STANDARD	\$2,045,635
Multi Service	Task Order - ServiceNow Platform Reimplementation	RELEASE	\$1,475,678
Electric Service	Steam Valves	STANDARD	\$1,047,679
Multi Service	Amendment 006 - C2M Extension	RELEASE	\$970,000
Water Service	Pepperood & Knotood Dr - 2023 C2 Watermain Replacements -FWLAP	RELEASE	\$967,008
Gas Service	Direction Drilling Loch Fyne Project	RELEASE	\$936,942
Water Service	Homestake Operator Housing Replacement	STANDARD	\$904,770
Water Service	Mesa Water Treatment Plant Site Reclamation Project	STANDARD	\$851,590
Electric Service	Cable & Wire Alliance Held at Irby	RELEASE	\$844,238
Water Service	(Materials) FWLAP 8th Street 24" Water Main Replacement Project	STANDARD	\$782,914
Water Service	Academy and Meadowland Valve Vault Isolation Improvements	STANDARD	\$720,283
Multi Service	2023 - 2024 Veeam Maintenance And Support	RELEASE	\$710,587
Electric Service	Cable & Wire Alliance Held at Irby	RELEASE	\$709,188
Electric Service	Generation Resources Sourcing RFP	RELEASE	\$680,000
Water Service	Tuckerman Ln - 2023 C2 Watermain Replacements -FWLAP	RELEASE	\$655,967
Gas Service	Kettle Creek Directional Drilling	RELEASE	\$647,238
Multi Service	3-Year - Microsoft Premier Support - (Unified) Software Maintenance	RELEASE	\$634,065
Electric Service	Cable & Wire Alliance Hold at Irby	RELEASE	\$622,452
Wastewater Service	Las Vegas Generator Install	STANDARD	\$614,581
Water Service	Vickers Dr - 2023 C2 Watermain Replacements - FWLAP	RELEASE	\$558,407

Service	Description	Type	Contract Amount
Electric Service	SEP Kelker - 115kV and 34.5kV Cap Banks	STANDARD	\$557,664
Multi Service	Mythics Oracle Exadata System, hardware, software & services	RELEASE	\$514,428
Electric Service	Cable & Wire Alliance Hold at Irby	RELEASE	\$512,488
Electric Service	N12303 - Nixon Boiler Mechanical Contractor Scope	RELEASE	\$511,202

In the second quarter of 2023, there were 2 existing contracts increasing to over \$500,000.

Service	Description	Type	Contract Amount	
			Prior Qtr. Amount	Q2 Amount
Electric Service	EDGE Briargate Substation 230kV Expansion Engineering	RELEASE	\$471,423	\$516,715
Gas Service	Gas 150P Over Pressure Protection Design	RELEASE	\$499,256	\$511,406

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

All cash and investments are in U.S. Treasury Notes, U.S. Agency securities, repurchase agreements, Local Government Investment Pools, and secured bank accounts that comply with Bond Ordinance investment requirements and the Colorado Springs Utilities Investment Plan.

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

Colorado Springs Utilities maintains adequate controls that are reviewed annually by an external auditor. Appropriate personnel have access to material amounts of funds. In addition, the City of Colorado Springs' Risk Management team has expanded insurance coverage of high-risk employees through a shared Crime Insurance Policy, which affords a financial backstop for employee theft, forgery, money order tampering, counterfeit money, and other elements of potential fraud and misappropriation.

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

Days Sales Outstanding (DSO) is the average number of days receivables remain outstanding before being collected. At the end of the second quarter of 2023, there is 28.93 of DSO.

6. *Settle payroll and debts in a timely manner.*

These conditions have been achieved as of this monitoring report.

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

These conditions have been achieved as of this monitoring report.

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

Colorado Springs Utilities maintains written purchasing regulations that assure legal and fiscal compliance with competitive acquisition practices, avoid conflicts of interest, avoid favoritism, and promote procurement from local vendors. Total spending associated with purchase orders and contracts with local area addresses is at 30.5% for the second quarter with a target of 30%.

9. *Inform the Utilities Board of significant financial impacts on the Municipal Government.*

During the second quarter of 2023, there were no significant financial impacts on the Municipal Government.



Date: August 16, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Risk Management (I-4)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	January 1, 2023 – June 30, 2023
Policy Title (Number):	Risk Management (I-4)	Reviewing Committee:	Finance
Monitoring Type:	Internal, External, City Auditor	Monitoring Frequency:	Semi-Annual, Annual, Years ending in 0 and 5

The Chief Executive Officer shall direct that the enterprise maintains enterprise risk management activities that identify, assess, and prudently manage a variety of risks including strategic, financial, operational, legal and hazard. Accordingly, the CEO shall:

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

A Risk Management Committee (RMC) was maintained with a structure and procedures specified in the Enterprise Risk Management (ERM) Plan. RMC meetings were restructured to capture a top-down approach to risk management. Elements at each scheduled RMC meeting included:

- Enterprise risk monitoring report – A report that tracks financial metrics and interest rate derivatives. This helps to demonstrate the utilities financial health.
- Special topic review – Reporting of current projects and their efforts to manage and/or mitigate identified risks and special topics.

2. Operate under and maintain a written Enterprise Risk Management (ERM) Plan and its

required plans listed below that each include management level approval, detailed procedures, internal controls and reporting requirements, and external audits.

The Enterprise Risk Management (ERM) Plan was approved in 2023. The current ERM Plan ensured risks were identified, measured, monitored, managed, and reported for each of the main risk categories.

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

The Energy Risk Management Plan was maintained and remains current. This plan reports energy-related commodity risks to operational groups and executive management. Additionally, the plan's processes and controls were in place for trade and settlement activities associated with transactions in these commodity markets.

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

The Investment Plan was maintained and remained current. Compliance was met by the handling of cash management investments with clear delegation of authorities as defined by the plan and adherence to Colorado state law regarding municipal investments.

C. Financial Risk Management Plan - establishes objectives and procedures for minimizing risk to support responsible compliance.

The Financial Risk Management Plan was maintained and remained current. Compliance was met by monitoring, managing, and reporting of the portfolio of financial derivatives and associated counterparties and the enterprise exposure to interest rate risk. During the second half of 2022, Colorado Springs Utilities did not enter into any financial market transactions which are governed by the plan.



Date: August 16, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

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

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	January 1, 2023 – June 30, 2023
Policy Title (Number):	Asset Protection (I-8)	Reviewing Committee:	Finance
Monitoring Type:	Internal; City Auditor	Monitoring Frequency:	Semi-Annual; Annual

The Chief Executive Officer shall direct that enterprise assets are protected, adequately maintained and not unnecessarily risked. Accordingly, the CEO shall:

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

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

	Frequency of Update	Last Updated	Planning Horizon	Responsible Division
Cyber Security:				Customer and Enterprise Services
Cyber Security Incident Response Plan	Every 5 years	2022	5 years	
Cyber Security Vulnerability Management Program	Every 3 years	2021	Ongoing	
Cyber Security (Risk Management) Framework	Every 3 years	2023	Ongoing	
Security Operations:				Operations
Physical Security Program	5 years	2021	10 years	
Physical Security for Rampart Dam and Reservoir and Tesla Hydro Plant	1 year	2022	Ongoing	
Emergency Management:				Operations
Emergency Operations Plan	3 years	2022	Ongoing	
Dam Emergency Action Plans	1 year	2022	Ongoing	
Water Resource Recovery Facility Flood Emergency Evacuation Plans	1 year	2021	Ongoing	
Facilities Management:				System Planning and Projects
Facilities Master Plan	5 years	2021	10 years	
Facilities Maintenance Program	Annual	2021	10 years	
Records and Information Management:				Human Resources and Administration
Records Retention Program provides ongoing records compliance and disposition review and support	Ongoing	2020	3 years	
Water Resources Management:				System Planning and Projects
Reporting of water use in accordance with decrees, permits and agreements	Ongoing	Ongoing	Ongoing; updated as needed	

Watershed Management Plans	Ongoing; updated as needed	Ongoing	Ongoing; updated as needed	
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2. *Allow real estate transactions that comply with the City of Colorado Springs Real Estate Manual.*

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

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

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

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

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

Colorado Springs Utilities strives to build and enhance the enterprise's public image through proactive communications, media relations, marketing communications and community relations. In 2023, the Public Affairs department conducted a brand and reputation survey that provided good data about the impact of our marketing and customer service efforts.



Date: Aug. 16, 2022

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Enterprise Innovation (I-14)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	July 1, 2022 – June 30, 2023
Policy Title (Number):	Enterprise Innovation (I-14)	Reviewing Committee:	Strategic Planning
Monitoring Type:	Internal		
Monitoring Frequency:	Annual		

The Chief Executive Officer shall encourage Colorado Springs Utilities to use best practices in innovation to achieve long-term needs of the community and enterprise strategic objectives. Accordingly, the CEO shall:

1. *Foster an environment within the workforce that promotes and rewards creativity, efficiency and empowerment.*

Innovation is integral to our value of Continuous Improvement. It integrates into our LEAN efficiency program and leaders at all levels are focused on creating a culture that encourages and fosters creativity by offering a better learning environment and promoting cross-functional teams to broaden development opportunities and invite a diversity of perspectives.

2. *Advance services and programs that achieve customer interests, community goals and enterprise objectives.*

Many innovative projects and programs have been explored and implemented over this reporting period as we navigate changing environments in energy and water. Improving customer service and planning for the future of our community are always our priorities as

we consider which innovative efforts best support our mission and vision. Innovative efforts and accomplishments over this reporting period include:

- Customer Technology Modernization program
- Electric and Gas Intergovernmental Agreement (IGA) with Fort Carson
- Natural Gas Generators (NGGs) at Drake Power Plant
- Collaborative Water Sharing Arrangements
- Electric Integrated Resource Plan update

In addition to large innovative projects and programs, throughout the organization we are consistently looking for continuous improvement opportunities in processes and technology. Through our LEAN program, we encourage and empower employees to use their knowledge and expertise to find process improvements and efficiencies. Successes are shared enterprise-wide through various communication channels.

3. Take reasonable risks, measure results and learn quickly from successes and failures.

As we embrace a more innovative culture at Colorado Springs Utilities, we understand that not all new ideas can realistically be adopted or are successful. The leadership team is actively engaged in reviewing results of new technologies and processes to ensure we are realizing benefits and efficiencies. If benefits and improvements are not measurable, we evaluate options and change direction as needed.

4. Engage the municipal government and community stakeholders to evaluate emerging utility services and technologies to ensure constructive collaboration.

Colorado Springs Utilities discussed and promoted collaboration regarding a wide range of topics related to the community growth and emergent technologies during the reporting period.

Colorado Springs Utilities will be hosting a Supplier Day event again this year to promote collaboration among suppliers, vendors and customers throughout the community to find solutions to supply chain disruptions caused by the pandemic.

The cybersecurity team has engaged on several projects with the University of Colorado – Colorado Springs (UCCS) Cybersecurity department. Recently, members of the Colorado Springs Utilities Cybersecurity and Emergency Management teams participated in a grant funded exercise sponsored by UCCS. The goal of the discussion-based exercise was to review processes and policies in place that impact critical infrastructure in the event a catastrophic cyber incident occurred. The information and feedback from the exercise is intended to help support decisions and processes that need to be written for critical infrastructure. Participants of the exercise included cybersecurity teams from: Black Hills Energy, Colorado State University – Pueblo, Xcel Energy, Fountain Valley Electric, Mountain View Electric, Multi-State Information Sharing and Analysis Center (MS-ISAC), Norwich

University Applied Research Institute (NUARI), San Isabel Electric, State of Colorado, and University of Colorado – Colorado Springs (UCCS).

Cybersecurity leadership from both Colorado Springs Utilities and the City of Colorado Springs also meet quarterly to review upcoming trends and concerns in the cybersecurity realm. The collaboration has expanded to an open channel between the teams for Cybersecurity Analysts to communicate common threats and concerns in real time.



Date: August 16, 2023

To: Utilities Board

From: Travas Deal, Chief Executive Officer

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

Desired Action: Monitoring

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

August 2023 Water Outlook using data as of July 31, 2023

Locally, temperatures were about normal, and precipitation was below average in July. Demands were less than last year at this time.

2023 Demands: July use averaged 83.5 million gallons per day (MGD), which was about 7.2% less than last July. Year-to-date demand is averaging 56.4 MGD, which is 10.6% less than last year at this time. Temperatures in July were above the 30-year average at 72.6 degrees Fahrenheit, which was 0.1 degrees above normal. Year-to-date temperatures have averaged 49.4 degrees Fahrenheit, which is 0.8 degrees below normal. Total precipitation for July was 2.86 inches, which is below normal. Year-to-date precipitation is 20.11 inches, which is 197% of normal.

Current Reservoir Levels: Local storage is currently at about 56,362 acre-feet (85% of capacity). The 1991-2021 average is 71% of capacity. Rampart Reservoir is at 94% of capacity, and Pikes Peak storage is at 72% of capacity. System wide, total storage is about 240,100 acre-feet (92.6% of capacity). Last year at this time, total system wide storage was 80% of capacity. It was about 83% at this same time in 2021, about 83% of capacity in 2020, about 89% of capacity in 2019, about 83% of capacity in 2018, about 93% of capacity in 2017, about 88% of capacity in 2016, about 93% of capacity in 2015, and about 81% of capacity in 2014. The 1991-2021 average system wide storage for the end of July is 83% of capacity.

Water Supply Outlook: The U.S. Drought Monitor shows pockets of moderate/severe drought conditions in the western U.S., with extreme drought concentrated in some mid-west and south-central parts of the country. The seasonal drought outlook predicts drought development across much of western Colorado between now and Oct. 31, 2023. The three-month climate outlook predicts high chances for above-average temperatures across all of Colorado, and equal chances for below-average and above-average precipitation across the eastern half of Colorado. Higher chances for below-average precipitation is predicted across western Colorado. We continue to monitor runoff, demand, and storage to maximize available water supply.

Operational Notes: South Catamount Reservoir capacity remains restricted for planned dam maintenance this fall, and Crystal Reservoir is currently being backfilled from North Catamount Reservoir. Runoff is declining throughout the watersheds as no substantial snowpack remains. Total system storage is at 92.6% of capacity and holds about 3.4 years of demand, which is above average for the end of July. Local storage contains about 288 days of demand.

Electric Cost Adjustment (ECA)

On February 28, 2023, City Council approved the ECA rate of \$0.0284 per kWh effective March 1, 2023. As of July 31, 2023, the ECA under collection balance was \$4.1 million. The balance changed by \$0.4 million from the \$3.7 million under collection balance reported last month. Colorado Springs Utilities continues to provide regular updates to the Utilities Board and will propose adjustments as appropriate.

Gas Cost Adjustment (GCA)

On June 27, 2023, City Council approved the GCA rate of \$0.2308 per Ccf effective July 1, 2023. As of July 31, 2023, the GCA over collection balance was \$23.3 million. The balance changed by \$0.5 million from the \$23.8 million over collection balance reported last month. Colorado Springs Utilities continues to provide regular updates to the Utilities Board and will propose adjustments as appropriate.



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

Water Outlook

Katie Garrett

Water Resources Engineer, Water Conveyance

August 1, 2023

Local Weather Conditions as of July 31, 2023

Precipitation (Inches of Moisture)

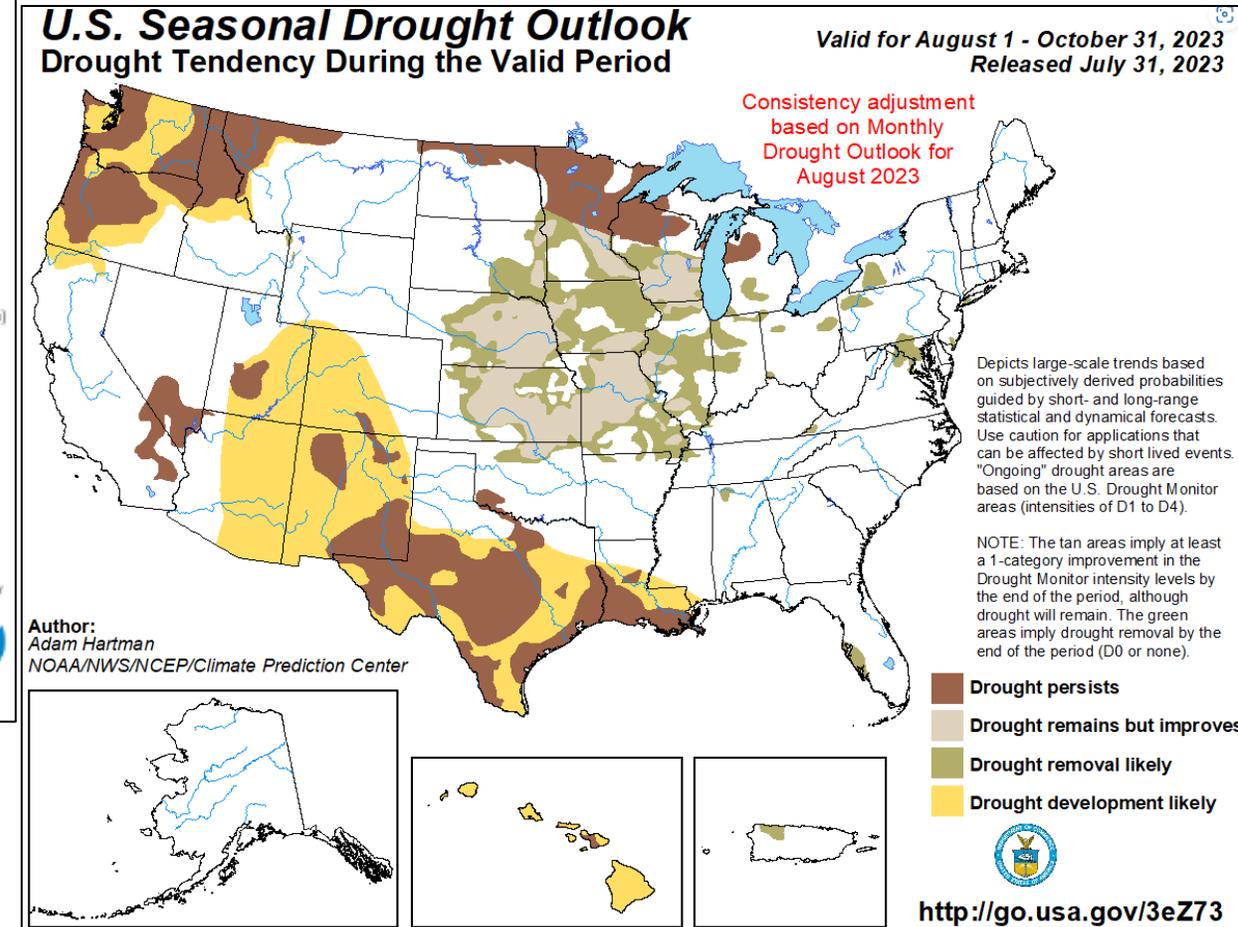
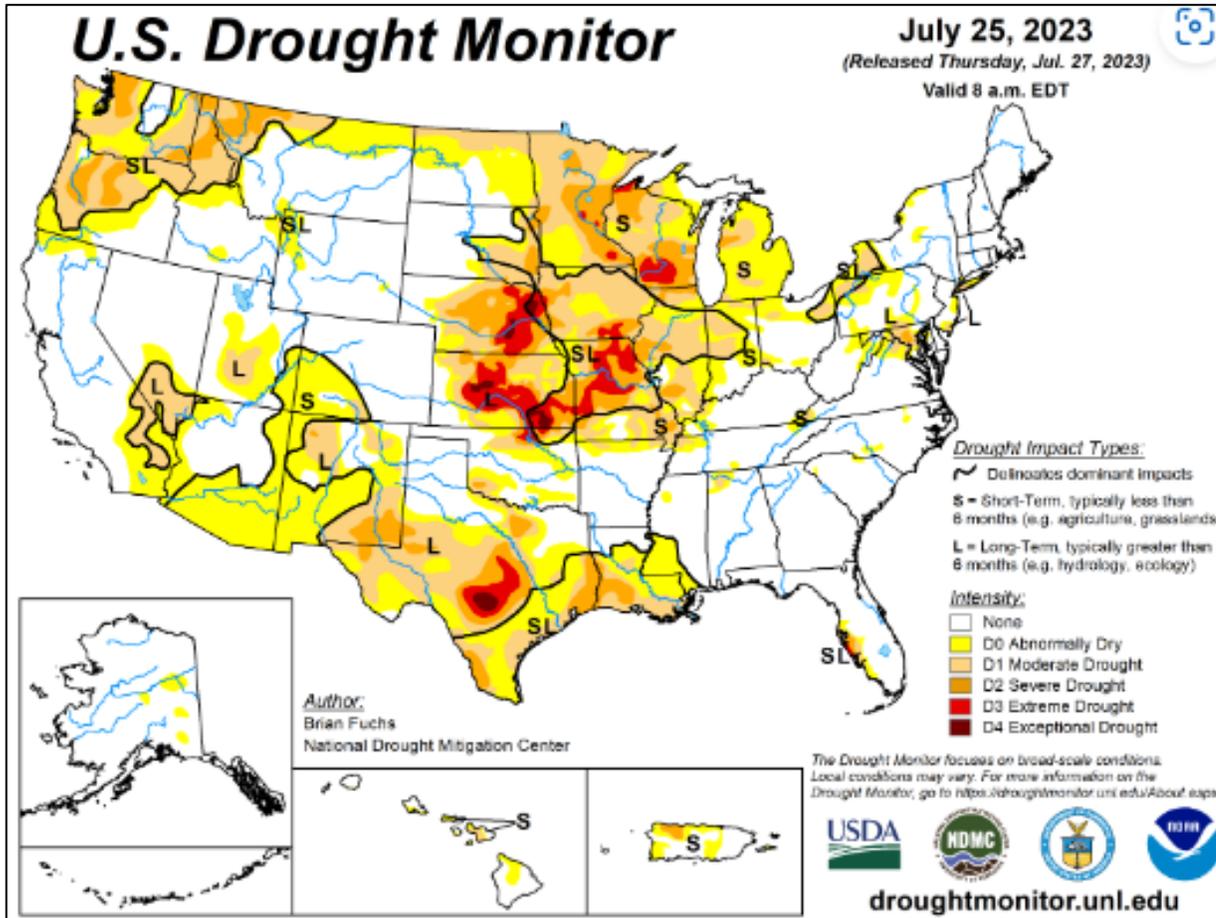
- July 2023 – 2.86 in. (92% of normal)
- 2023 YTD Total – 20.11 in. (197% of normal)

Average Temperature (Degrees F)

- July 2023 – 72.6 Deg. (0.1 degrees above normal)
- 2023 YTD Average – 49.4 Deg. (0.8 deg. below normal)



DROUGHT MONITOR



DROUGHT MONITOR

COLORADO

Map released: Thurs. July 27, 2023

Data valid: July 25, 2023 at 8 a.m. EDT

Intensity

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

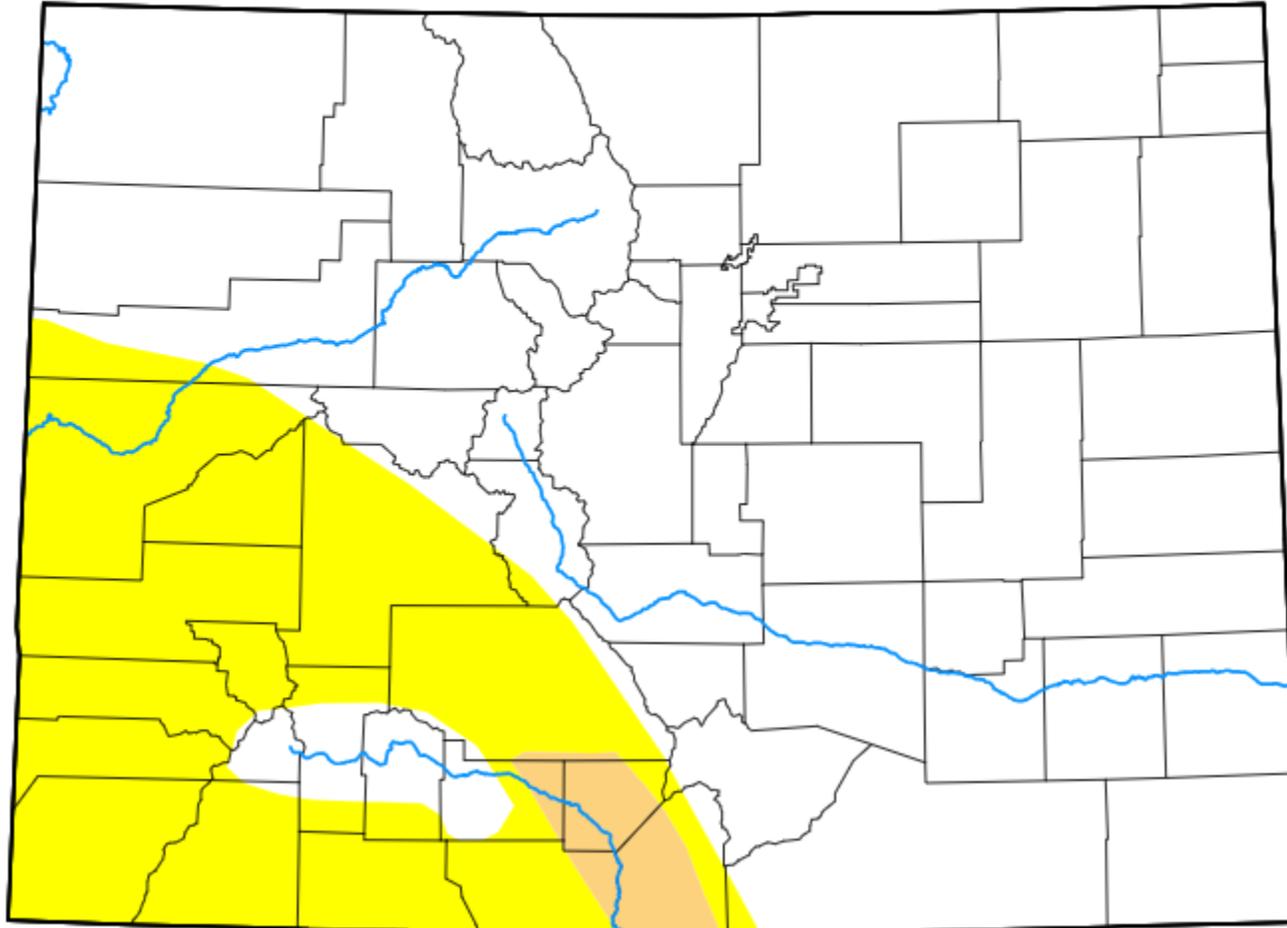
Authors

United States and Puerto Rico Author(s):

[Brian Fuchs](#), National Drought Mitigation Center

Pacific Islands and Virgin Islands Author(s):

[Brad Rippey](#), U.S. Department of Agriculture



2023 Demands

July

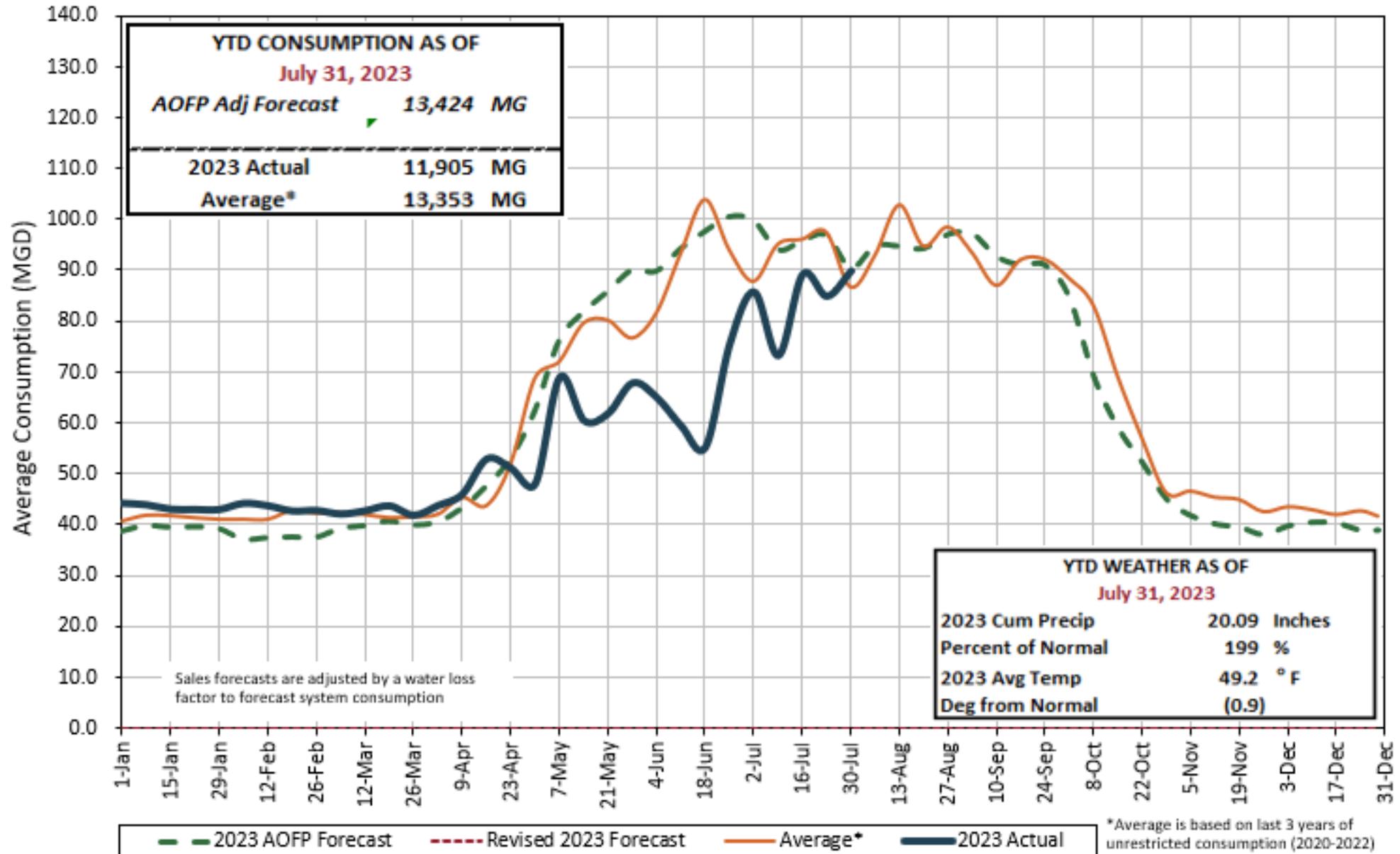
- Averaged 83.5 MGD
- 7.2% less than July 2022

2023 Year to Date

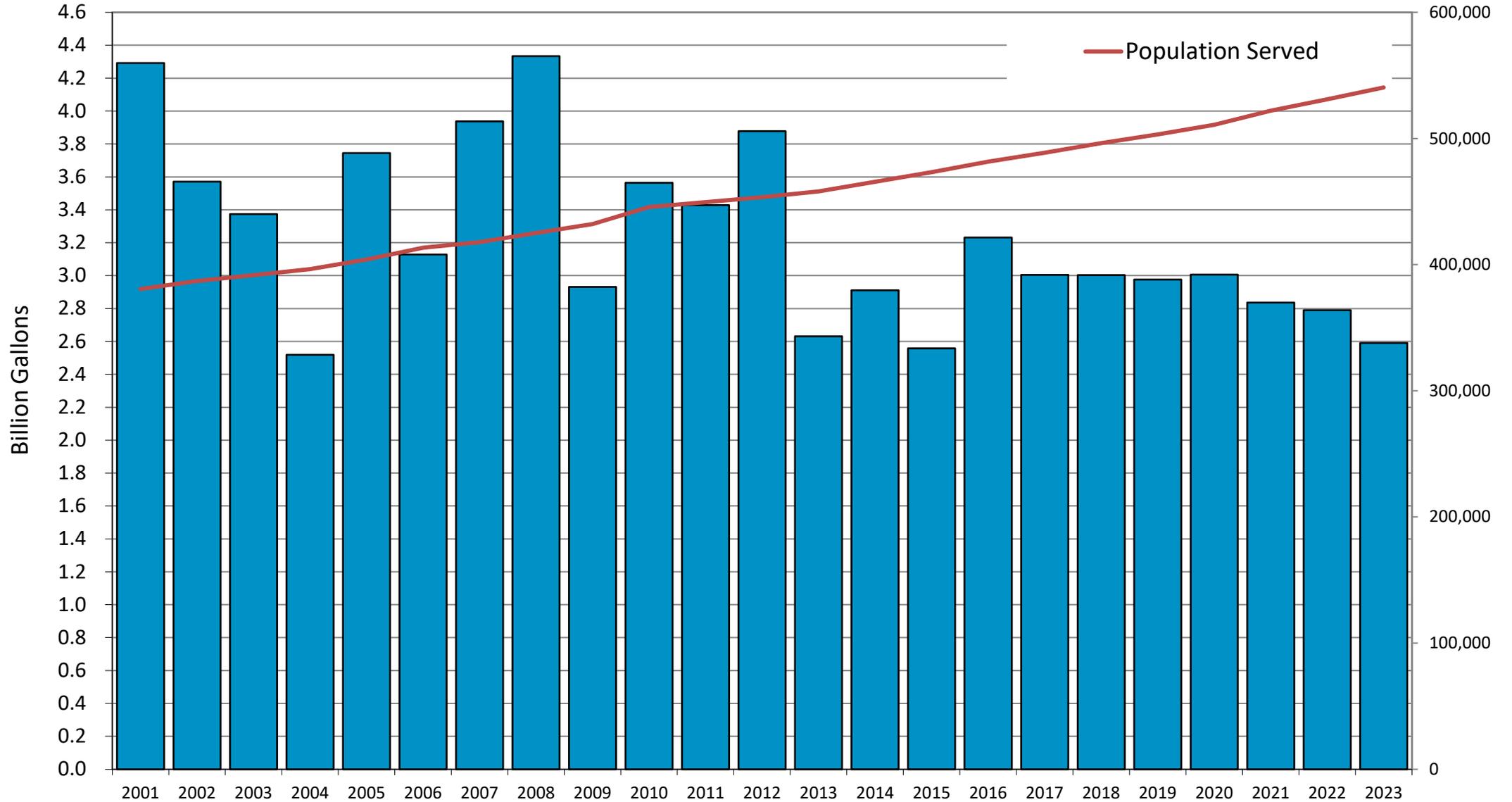
- Averaging 56.4 MGD, 12.0 BG total
 - 10.6% less than 2022
 - 1.4 Billion Gallons less than 2022



2023 Actual Consumption (Weekly Data)



Monthly Water Use for July



Reservoir Levels

July 31, 2023

- Pikes Peak 72 %
 - 91-20 Avg. 71 %
- Rampart 94 %
 - 91-20 Avg. 79 %
- Local Total 85 %
 - 91-20 Avg. 76 %
- System Total 93 %
 - 91-20 Avg. 82 %

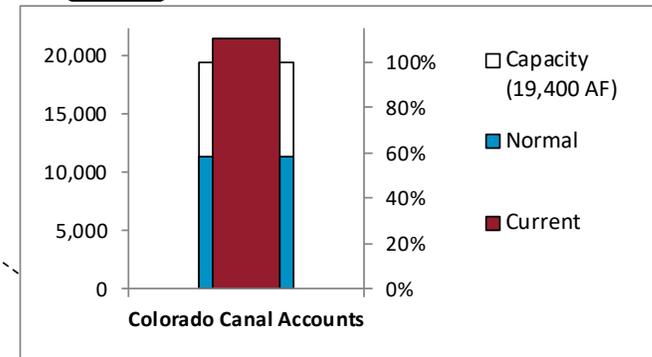
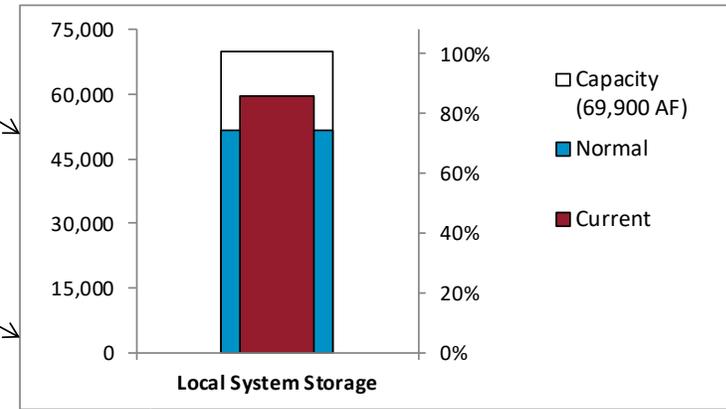
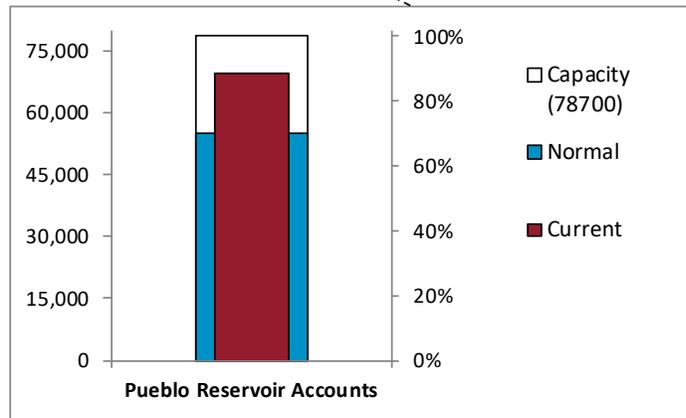
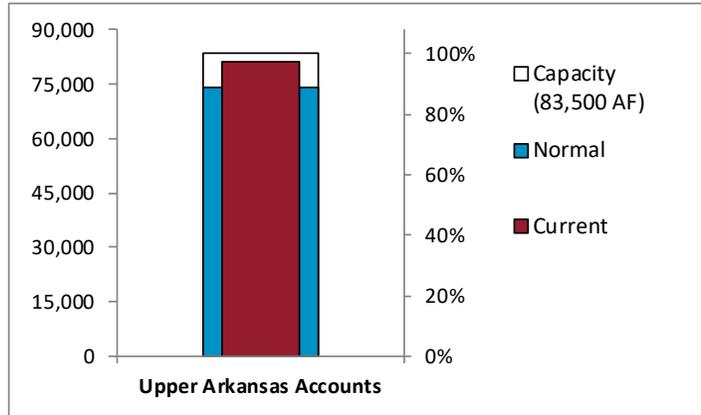
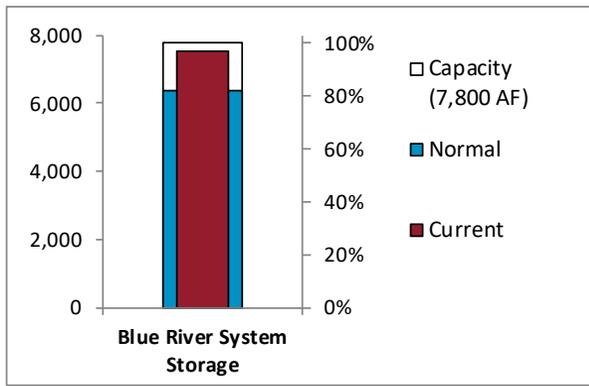


Colorado Springs' System Wide Storage:

July 31, 2023 : 240,100 af
92.6 %

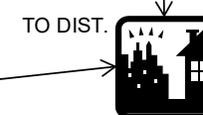
2001-2022 avg : 198,600 af
76.6 %

Average YTD Demand : 56.3 MGD

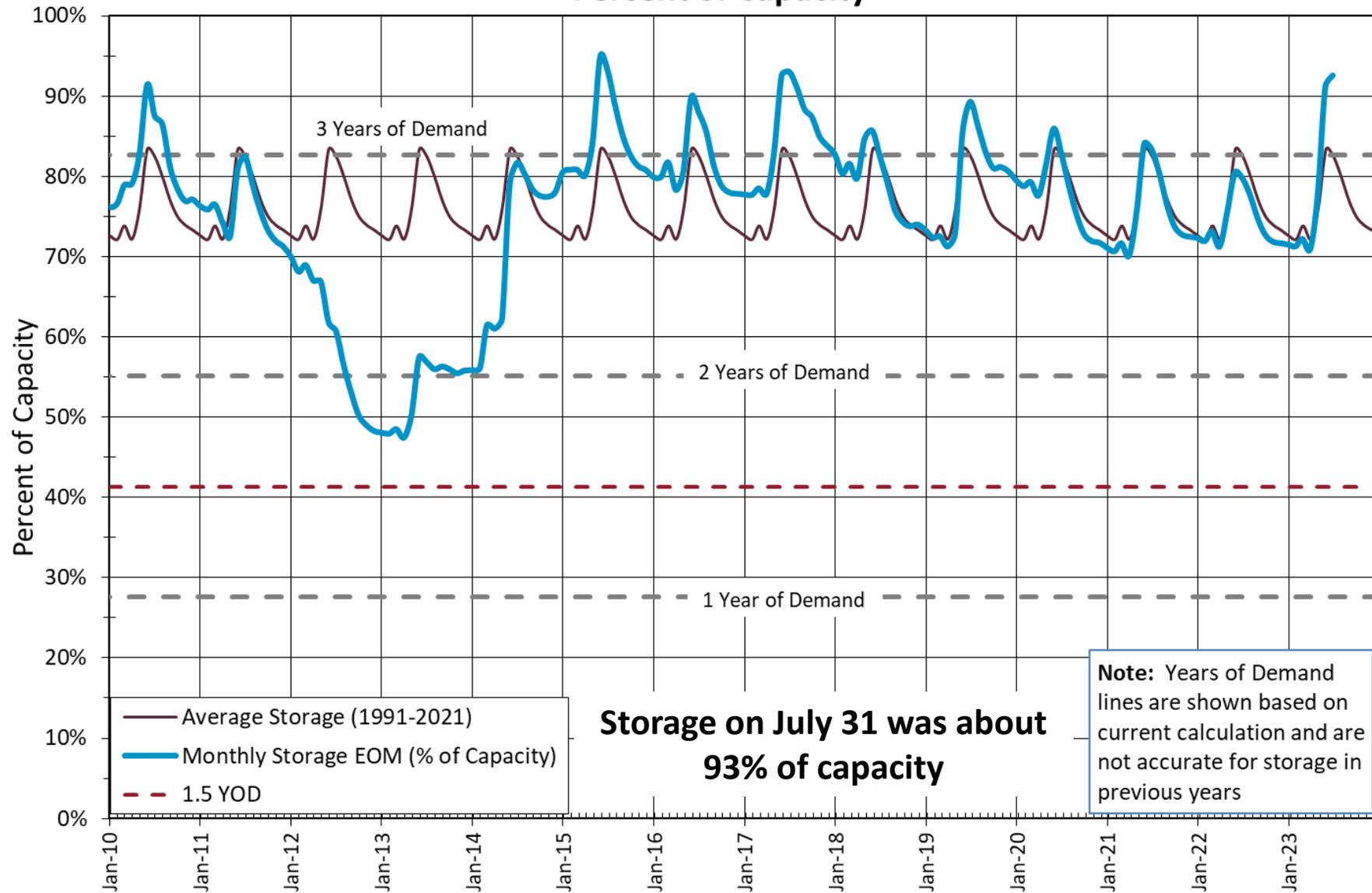


MAX 20 MGD

MAX 68 MGD



Monthly Storage Percent of Capacity



**Storage on July 31 was about
93% of capacity**

Note: Years of Demand lines are shown based on current calculation and are not accurate for storage in previous years

Water Outlook

- Situation Outlook Summary
 - System-wide storage is at 92.6% of capacity, about 10% above our long-term average
 - About 3.4 years of demand in storage, based on the past 3 years of demand
 - Have 288 days of demand in local storage
- Three-month outlook predicts
 - High chances for above-average temperatures across all of Colorado
 - Equal chances for below-average and above-average precipitation across the eastern half of Colorado, with the western half of the state showing higher chances for below-average precipitation
- We continue to monitor snowpack, demand and storage to maximize available water supply

Operational Notes

Storage Conditions

- South Catamount Reservoir capacity remains restricted for planned dam maintenance this fall
- Crystal Reservoir is currently being backfilled from North Catamount Reservoir
- Runoff is declining throughout the watersheds as no substantial snowpack remains



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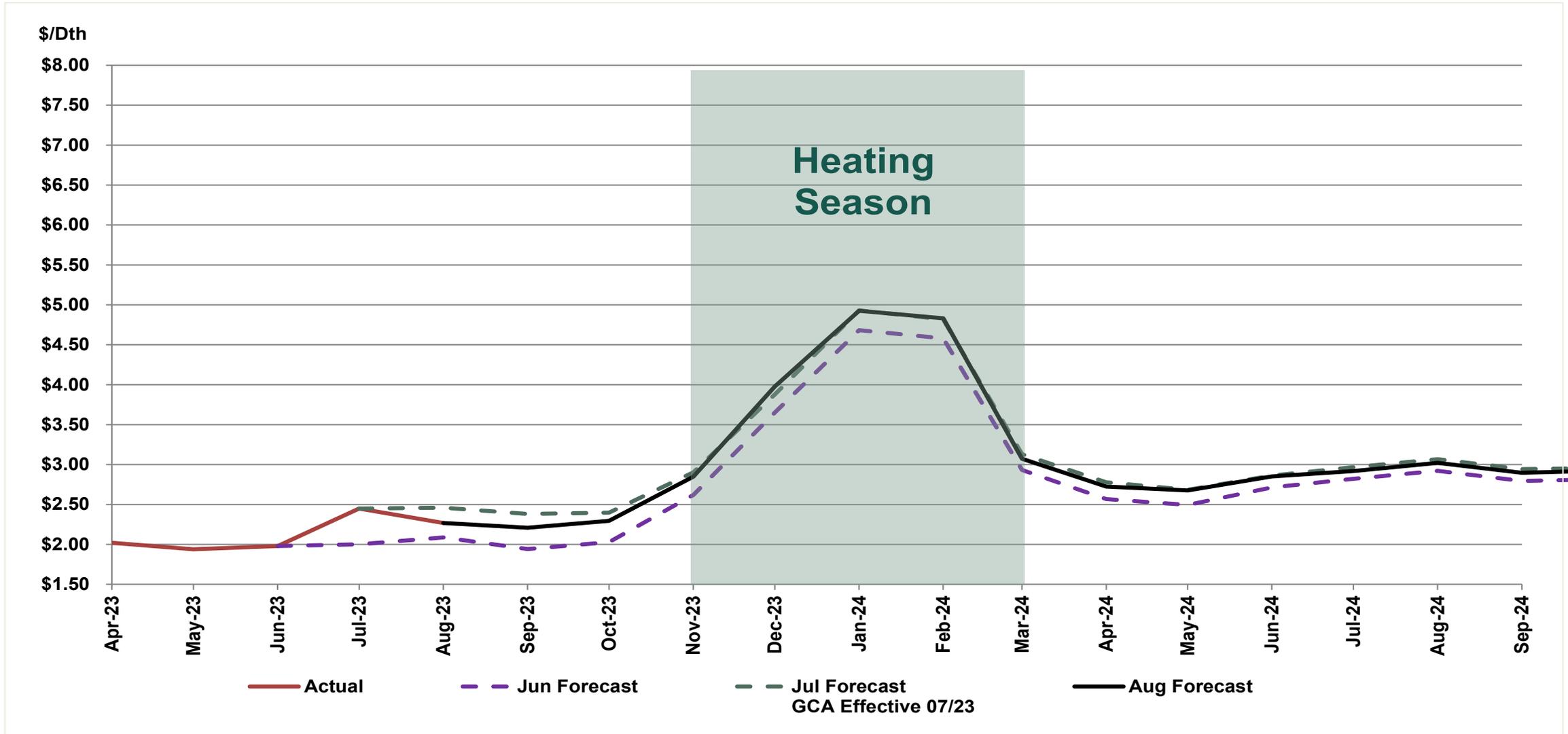
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Electric Cost Adjustment Gas Cost Adjustment

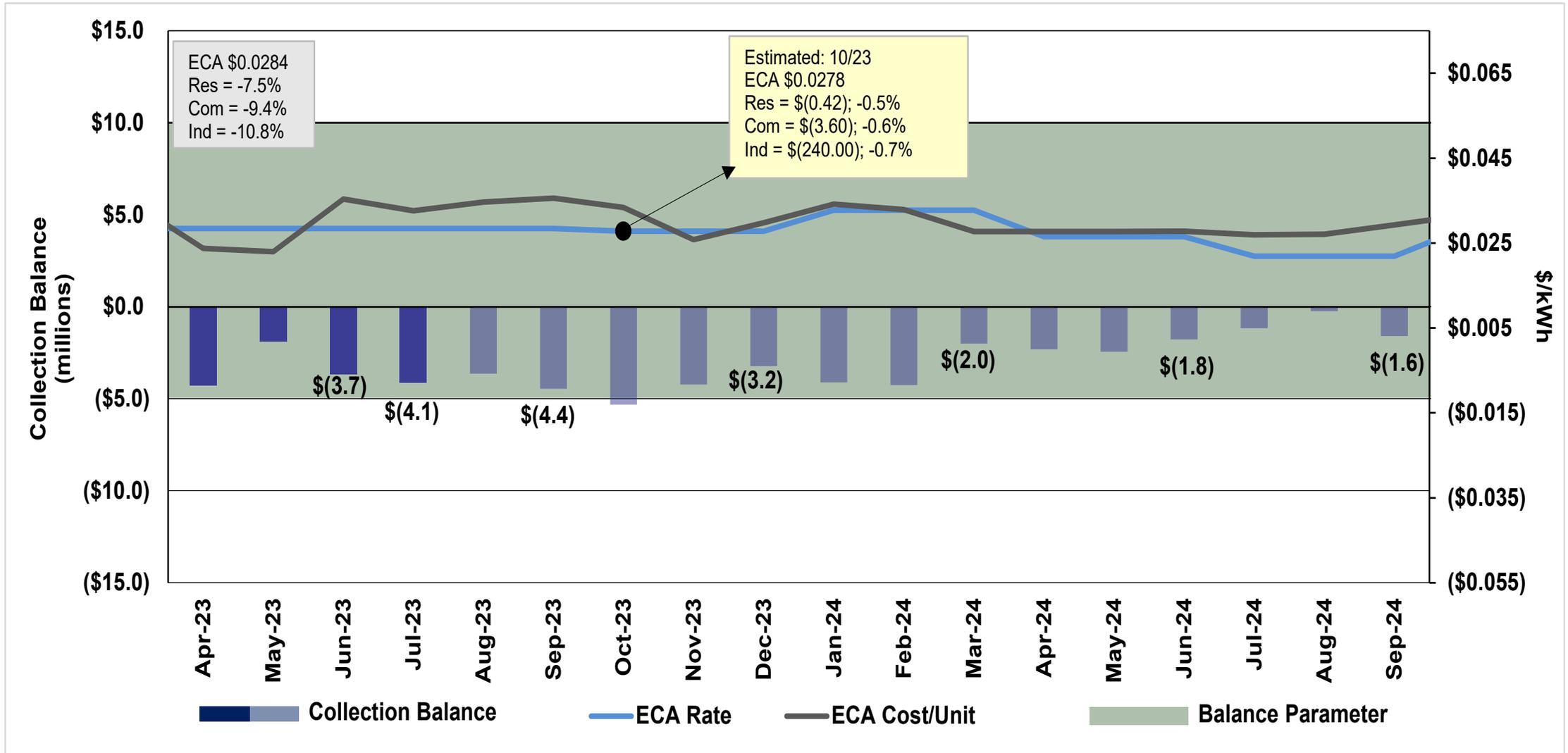
Scott Shirola, Pricing and Rates Manager

August 16, 2023

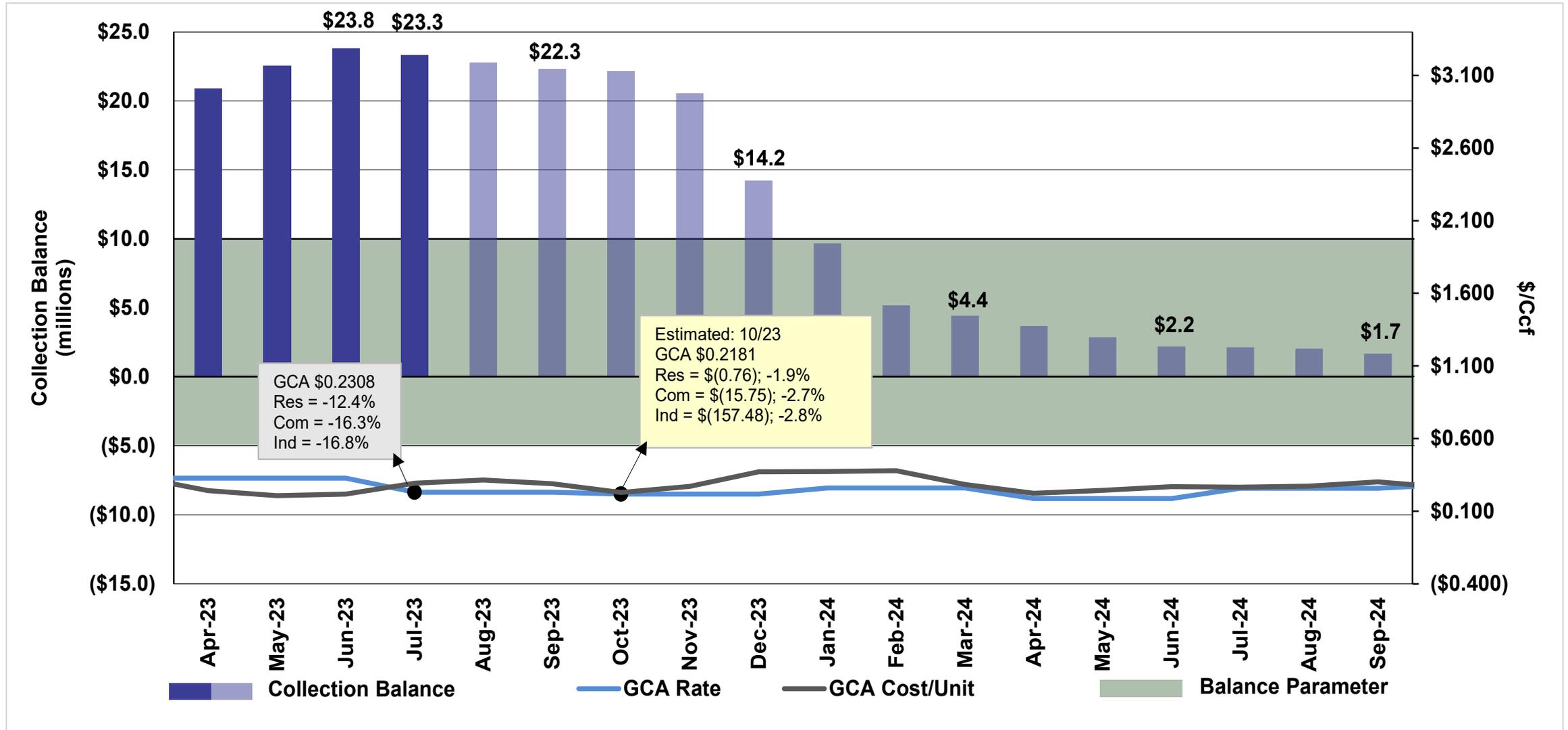
Natural Gas Prices as of August 1, 2023



ECA Projections August 2023



GCA Projections August 2023





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Board Memo Agenda Item

Staff Report

Date: August 16, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Appointment of Scott Smith as Regular Member of Utilities Policy Advisory Committee (UPAC)

NARRATIVE:

Desired Action: Vote whether to appoint Scott Smith as regular member of the Utilities Policy Advisory Committee (UPAC) under City Code section 12.1.104 and Utilities Board

Executive Summary: A vacancy for a regular member of the Utilities Policy Advisory Committee (UPAC) needs to be filled. Pursuant to UPAC Bylaws, vacancies will be filled by Utilities Board appointment. Scott Smith has been an alternate member on the UPAC since December 2022 and it has been the practice of the Utilities Board to move an alternate up to a regular position when it becomes available.

The UPAC is a fact-finding body whose mission is to review, analyze and, when appropriate, provide recommendations to the Utilities Board regarding the various overall strategic operating and financial policies for Colorado Springs Utilities.

The Utilities Board may appoint alternate UPAC members to gain experience and observe UPAC's seven regular (voting) members' deliberations and actions. The UPAC Bylaws provide that the UPAC, when considering all its members, shall comprise balanced professional, business, and community perspectives.

Benefits: N/A

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

Cost/Budget: N/A

Affected Parties: Utilities Board members, Utilities Policy Advisory Committee members and Colorado Springs Utilities staff that supports these two bodies.

Alternatives: The Utilities Board may fill the vacancy with another eligible candidate.

Submitter: Bethany Schoemer	Email address: bschoemer@csu.org
Division/ Department: Strategic Planning and Governance	Phone number: 719-668-3810
	Date submitted: July 28, 2023

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	ITEM NO. 8
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RESOLUTION #23-09

**A RESOLUTION OF THE COLORADO SPRINGS
UTILITIES BOARD APPOINTING SCOTT SMITH AS A REGULAR COMMITTEE MEMBER OF THE
UTILITIES POLICY ADVISORY COMMITTEE (UPAC)
EFFECTIVE August 16, 2023**

WHEREAS, the Utilities Policy Advisory Committee (UPAC) is composed of residents appointed by the Utilities Board; and

WHEREAS, the UPAC is a fact-finding body whose mission is to review, analyze and, when appropriate, provide recommendations to the Utilities Board regarding the various overall strategic operating and financial policies for Colorado Springs Utilities; and

WHEREAS, a vacancy currently exists, and

WHEREAS, Scott Smith is eligible and willing to accept appointment as a regular member.

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

Scott Smith is hereby appointed as a regular committee member of the Utilities Policy Advisory Committee effective August 16, 2023.

Dated at Colorado Springs, Colorado this 16th day of August 2023.

BY _____
Dave Donelson, Chair of the Utilities Board

ATTEST:

_____ Travas Deal, Secretary

Board Memo Agenda Item

Staff Report

Date: August 16, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: Appointment of David Watson as Alternate Member of the Utilities Policy Advisory Committee (UPAC)

NARRATIVE:

Desired Action: Vote whether to appoint David Watson as alternate member of the Utilities Policy Advisory Committee (UPAC) under City Code section 12.1.104 and Utilities Board

Executive Summary: A vacancy for an alternate member for the Utilities Policy Advisory Committee (UPAC) needs to be filled. Pursuant to UPAC Bylaws, vacancies will be filled by Utilities Board appointment. Based on a candidate application and interview process, Utilities Board Chair Dave Donelson and Vice Chair Yolanda Avila and UPAC Chair Larry Barrett and Vice Chair Hilary Dussing recommend David Watson to fill the vacant alternate member position.

The UPAC is a fact-finding body whose mission is to review, analyze and, when appropriate, provide recommendations to the Utilities Board regarding the various overall strategic operating and financial policies for Colorado Springs Utilities.

The Utilities Board may appoint alternate UPAC members to gain experience and observe UPAC's seven regular (voting) members' deliberations and actions. The UPAC Bylaws provide that the UPAC, when considering all its members, shall comprise balanced professional, business, and community perspectives. David Watson has been recommended to fill the vacant alternate spot on UPAC.

Benefits: N/A

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

Cost/Budget: N/A

Affected Parties: Utilities Board members, Utilities Policy Advisory Committee members and Colorado Springs Utilities staff that supports these two bodies.

Alternatives: The Utilities Board may fill the vacancy with either a different alternate member or another eligible candidate.

Submitter: Bethany Schoemer

Email address: bschoemer@csu.org

Division/ Administrative and Human Resources

Phone number: 719-668-3811

Department: Division/ Strategic Planning and Governance

Date submitted: Aug. 2, 2023

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 9

RESOLUTION #23-10

**A RESOLUTION OF THE COLORADO SPRINGS
UTILITIES BOARD APPOINTING DAVID WATSON AS AN ALTERNATE COMMITTEE MEMBER OF
THE
UTILITIES POLICY ADVISORY COMMITTEE (UPAC)
EFFECTIVE August 16, 2023**

WHEREAS, the Utilities Policy Advisory Committee (UPAC) is composed of residents appointed by the Utilities Board; and

WHEREAS, the UPAC is a fact-finding body whose mission is to review, analyze and, when appropriate, provide recommendations to the Utilities Board regarding the various overall strategic operating and financial policies for Colorado Springs Utilities; and

WHEREAS, an alternate member vacancy currently exists, and

WHEREAS, David Watson is eligible and willing to accept appointment as an alternate member.

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

David Watson is hereby appointed as an alternate committee member of the Utilities Policy Advisory Committee effective August 16, 2023.

Dated at Colorado Springs, Colorado this 16th day of August 2023.

BY _____
Dave Donelson, Chair of the Utilities Board

ATTEST:

_____ Travas Deal, Secretary

Board Memo Agenda Item

Staff Report

Date: August 16, 2023
To: Utilities Board
From: Travas Deal, Chief Executive Officer
Subject: 2024 Preliminary Budget and Rate Case

NARRATIVE:

Desired Action: Informational presentation regarding proposed City Council approval of Utilities 2024 Budget and Rate Case under City Charter section 6-40 and City Code section 12.1.104

Executive Summary: The 2024 Preliminary Budget provides an overview of the proposed budget and financial metrics. Colorado Springs Utilities (Utilities) will submit the 2024 Budget and appropriation ordinances to City Council on Oct. 24, 2023 for first reading and on Nov. 14, 2023 for second reading.

On Sep. 12, 2023, Utilities anticipates filing the 2024 Rate Case and requesting a Public Rate Hearing date of Oct. 24, 2023. The 2024 Preliminary Rate Case summarizes preliminary proposed changes to Electric and Natural Gas rates. The 2024 Preliminary Rate Case also summarizes certain changes to Electric, Natural Gas, and Water Rate Schedules, and Utilities Rules and Regulations. After the Rate Hearing, City Council will review the Decision and Order at the Work Session on Nov. 13, 2023, with a decision at the Regular City Council meeting on Nov. 14, 2023.

Benefits: The 2024 Preliminary Budget supports the Annual Operating and Financial Plan

Board Policy: Pricing of Services (I-1), Financial Planning and Budgeting (I-3), Rate Design (G-5)

Cost/Budget: Overview of 2024 Preliminary Budget and Rate Case

Affected Parties: Utilities' Electric, Natural Gas, and Water Customers

Alternatives: Utilities Board to provide alternative direction.

Submitter: Scott Shirola	Email address: sshirola@csu.org
Division/ Planning and Finance	Phone number: 719-668-8661
Department: Division/Pricing and Rates	Date submitted: Aug. 9, 2023

SPG Staff Use Only: Consent Calendar	Yes	<input checked="" type="checkbox"/>	No	ITEM NO. 10
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Colorado Springs Utilities
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2024 Preliminary Budget and Rate Case

John Hunter, Financial Planning and Risk Manager

Scott Shirola, Pricing and Rates Manager

August 16, 2023

2024 Preliminary Budget

Finance Committee - Highlight Changes

Budget Summary (in thousands)

	2024 Proposed Budget	2024 2nd Consol Budget	Increase / (Decrease)	% Change
Capital Projects	\$ 433,018	\$ 432,687	\$ 330	0.1%
Fuel Operations & Maintenance	418,721	420,360	(1,639)	-0.4%
Non-Fuel Operations & Maintenance	404,750	408,695	(3,946)	-1.0%
Debt Service	211,061	210,092	969	0.5%
Transfers - Surplus Funds to City	36,381	36,565	(184)	-0.5%
Other	387	387	-	0.0%
TOTAL	\$1,504,318	\$1,508,787	\$ (4,469)	-0.3%

Proposed 2024 Budget Overview



Financial Metrics

- Adjusted Debt Service Coverage – 1.77
- Debt Ratio – 50.2%
- Days Cash on Hand – 154



Rate Adjustments

- Electric – 8%
- Gas – 6%
- Streetlighting – 8%
- Total Non-Fuel – 3%

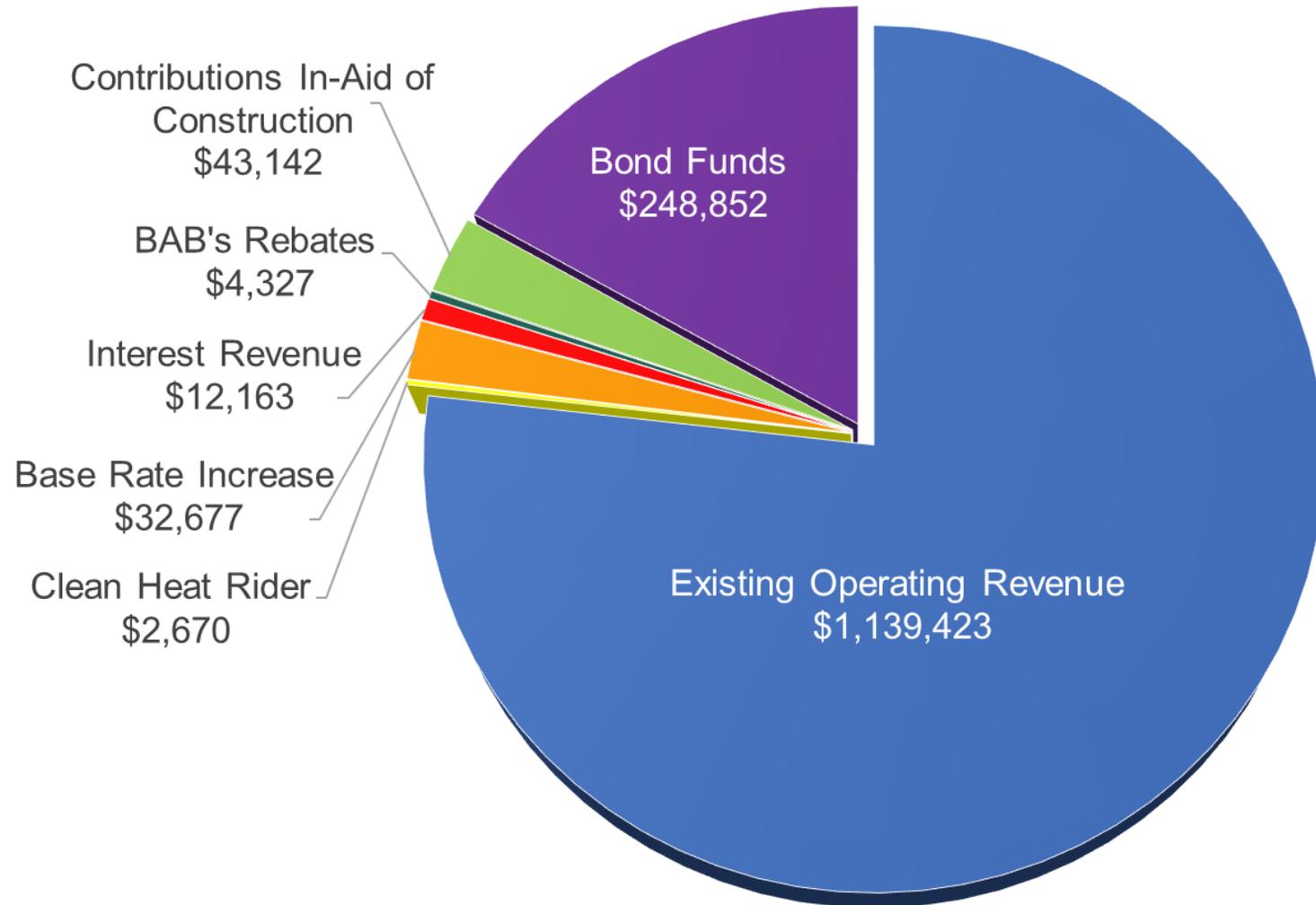


Proposed Expenditures

- Proposed Total \$57.3 million or 3.7% lower than 2023 Approved Budget

Responsible Balance

Funding 2024 Appropriation (in thousands)



Proposed 2024 Budget

Budget Summary (in thousands)

	2024 Proposed Budget	2023 Approved Budget	Increase / (Decrease)	% Change
Capital Projects	\$ 433,018	\$ 412,795	\$ 20,223	4.9%
Fuel Operations & Maintenance	277,615	323,609	(45,994)	-14.2%
Fuel Commodity - Increased Cost Scenario	141,106	197,722	(56,616)	-28.6%
Non-Fuel Operations & Maintenance	404,750	379,824	24,926	6.6%
Debt Service	211,061	210,863	198	0.1%
Transfers - Surplus Funds to City	36,381	36,513	(132)	-0.4%
Other	387	329	59	17.8%
TOTAL	\$1,504,318	\$1,561,654	\$ (57,336)	-3.7%

Capital Projects (28.8% of Proposed Appropriation)

Debt Funding - 57.5%

Summary (in thousands)

	2024 Proposed Budget	2023 Approved Budget	Increase / (Decrease)	% Change
Capital Projects	\$ 433,018	\$ 412,795	\$ 20,223	4.9%

- Preliminary largest capital portfolio expenditures:
 - Operational Fiber Network \$68.4 million
 - Sustainable Energy Plan (SEP) \$34.3 million
 - Advanced Metering Infrastructure (AMI) \$14.5 million

Operations & Maintenance (O&M) – Non-Fuel

(26.9% of Proposed Appropriation)

Summary (in thousands)

	2024 Proposed Budget	2023 Approved Budget	Increase / (Decrease)	% Change
Non-Fuel Operations & Maintenance	\$ 404,750	\$ 379,824	\$ 24,926	6.6%

Key Drivers:

- Inflationary and System Growth
- Labor & Benefits
- Plant Outages and Maintenance
- Information Technology Lifecycle Upgrades

Debt Service (14.0% of Appropriation)

Summary (in thousands)

	2024 Proposed Budget	2023 Approved Budget	Increase / (Decrease)	% Change
Debt Service	\$ 211,061	\$ 210,863	\$ 198	0.1%

Key Drivers:

- 2023 new bond issue \$225.0 million, \$292.0 million in 2024
- 51.5% bond funded capital program in 2023, 57.5% in 2024

Total Labor and Benefits

(including O&M and Capital)

Summary of Labor Costs by Category (in thousands)

	2024 Proposed Budget	2023 Approved Budget	Increase / (Decrease)	% Change
Regular Base Pay	\$ 213,851	\$ 202,160	\$ 11,691	5.8%
Overtime	11,290	5,856	5,434	92.8%
Standby/Shift	2,488	2,210	278	12.6%
Other Compensation	591	591	(0)	0.0%
Total Labor	\$ 228,220	\$ 210,817	\$ 17,403	8.3%
Employee Benefits	63,975	62,417	1,558	2.5%
Post-Retirement Expenses	1,119	1,043	76	7.3%
Total Benefits	\$ 65,094	\$ 63,460	\$ 1,634	2.6%
TOTAL LABOR & BENEFITS	\$ 293,314	\$ 274,277	\$ 19,037	6.9%

Regular Base Pay

(including O&M and Capital)

Summary (in thousands)

	2024 Proposed Budget	2023 Approved Budget	Increase / (Decrease)	% Change
Regular Base Pay	\$ 213,851	\$ 202,160	\$ 11,691	5.8%

Key Drivers:

- 70 new positions to the organization that support growth, regulation changes and business needs

10 Year Forecast

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Average
Adjusted Debt Service Ratio	1.77	1.87	1.89	1.92	1.95	1.93	1.97	1.94	2.04	2.08	1.94
Days Cash on Hand	154	150	150	150	152	161	164	165	171	187	160
Debt Ratio	50.2%	49.9%	49.3%	48.7%	47.4%	45.8%	44.3%	42.8%	41.4%	39.4%	45.9%
Electric Rate Increase	8.0%	0.0%	5.0%	0.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%
Gas Rate Increase	6.0%	0.0%	4.0%	0.0%	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%
Water Rate Increase	0.0%	6.0%	0.0%	4.0%	0.0%	5.0%	5.0%	0.0%	5.0%	0.0%	2.5%
Wastewater Rate Increase	0.0%	5.0%	0.0%	5.0%	0.0%	5.0%	5.0%	5.0%	0.0%	0.0%	2.5%
Streetlights Rate Increase	8.0%	7.0%	7.0%	6.0%	6.0%	6.0%	6.0%	0.0%	0.0%	0.0%	5.3%
Non-Fuel Typical Bill Increase	3.3%	3.1%	2.1%	2.3%	2.1%	2.6%	2.7%	0.8%	2.0%	0.0%	2.1%
Non-Fuel Typical Bill Amount	\$ 212.80	\$ 219.32	\$ 224.02	\$ 229.11	\$ 234.02	\$ 240.22	\$ 246.73	\$ 248.69	\$ 253.56	\$ 253.56	\$ 40.75
Non-Fuel Operating Expenditures	\$ 411,488	\$ 418,977	\$ 425,259	\$ 431,740	\$ 438,211	\$ 444,973	\$ 451,752	\$ 458,631	\$ 465,612	\$ 472,696	\$ 441,934
O&M Growth Rate	7.1%	1.8%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	2.1%
Capital Expenditures	433,018	426,335	417,438	421,589	436,479	406,417	374,338	381,205	400,814	380,184	407,782
Debt Funded Capital %	57.5%	59.7%	51.3%	48.7%	48.7%	30.5%	31.3%	34.1%	33.3%	34.3%	42.9%

- 10 year increase instead of average

2024 Budget By-Service

Service Level Summary

Budget Summary (in thousands)

	2024 Proposed Budget	2023 Approved Budget	Increase / (Decrease)	% Change
Electric	\$ 730,387	\$ 776,924	\$ (46,537)	-6.0%
Gas	333,904	383,401	(49,496)	-12.9%
Water	333,702	307,413	26,288	8.6%
Wastewater	117,119	108,936	8,182	7.5%
Streetlighting	6,396	6,742	(346)	-5.1%
Inter-Service Eliminations	(17,191)	(21,763)	4,572	-21.0%
TOTAL	\$1,504,318	\$1,561,654	\$ (57,336)	-3.7%

2024 Service Level Financial Metrics

	Adjusted Debt Service Ratio	Debt Ratio	Days Cash on Hand
Electric	2.41		
Gas	0.93	59.1%	
Water	1.41	42.4%	157
Wastewater	1.38	48.4%	135
Streetlighting	3.50	39.8%	155
		33.6%	157
			(63)

2024 Preliminary Rate Case Review

2024 Rate Case Overview

- 2024 Rate Case filing based on 2024 Sources & Uses Budget Ordinances
- Rate Case filing includes proposed changes to:
 - Electric, Natural Gas, and certain Water Rate Tables
 - Electric and Natural Gas tariff provisions
 - Utilities Rules and Regulations (URR)
- Effective date of proposed changes: January 1, 2024
- The 2024 Rate Case filing will contain the comprehensive proposed changes
 - Reports, Resolutions, Tariffs, Cost of Service Studies (COS), and other supporting materials

Sample Total Service Bill

Sample Bill as of 1/01/2024

Sample Bill as of 1/1/2023

Sample Bill as of 1/1/2022

Line No.	Rate Class	Sample Bill as of 1/01/2024				Sample Bill as of 1/1/2023			Sample Bill as of 1/1/2022		
		Current Effective	Proposed 1/1/24	Proposed Increase/ (Decrease)	% Change	Effective 1/1/23	Increase/ (Decrease) from 1/1/23	% Change from 1/1/23	Effective 1/1/22	Increase/ (Decrease) from 1/1/22	% Change from 1/1/22
(a)	(b)	(c)	(d)	(e) (d) - (c)	(f) (e) / (c)	(g)	(h) (d) - (g)	(i) (h) / (g)	(j)	(k) (d) - (j)	(l) (h) / (g)
1	Residential										
2	Electric	\$ 92.52	\$ 98.45	\$ 5.93	6.4%	\$ 100.15	\$ (1.70)	-1.7%	\$ 105.82	\$ (7.37)	-7.0%
3	Gas*	39.00	41.10	2.10	5.4%	62.98	(21.88)	-34.7%	75.33	(34.23)	-45.4%
4	Water	80.14	80.14	-	0.0%	80.14	-	0.0%	74.93	5.21	7.0%
5	Wastewater	34.22	34.22	-	0.0%	34.22	-	0.0%	33.38	0.84	2.5%
6	Total	\$ 245.88	\$ 253.91	\$ 8.03	3.3%	\$ 277.49	\$ (23.58)	-8.5%	\$ 289.46	\$ (35.55)	-12.3%
7	Commercial										
8	Electric	\$ 616.63	\$ 635.25	\$ 18.62	3.0%	\$ 681.43	\$ (46.18)	-6.8%	\$ 728.83	\$ (93.58)	-12.8%
9	Gas*	574.26	593.11	18.85	3.3%	1,068.53	(475.42)	-44.5%	1,327.69	(734.58)	-55.3%
10	Water	241.65	241.65	-	0.0%	241.65	-	0.0%	231.21	10.44	4.5%
11	Wastewater	126.76	126.76	-	0.0%	126.76	-	0.0%	116.26	10.50	9.0%
12	Total	\$ 1,559.30	\$ 1,596.77	\$ 37.47	2.4%	\$ 2,118.37	\$ (521.60)	-24.6%	\$ 2,403.99	\$ (807.22)	-33.6%
13	Industrial										
14	Electric	\$ 35,299.34	\$ 37,092.80	\$ 1,793.46	5.1%	\$ 39,739.34	\$ (2,646.54)	-6.7%	\$ 42,819.34	\$ (5,726.54)	-13.4%
15	Gas*	5,530.42	5,718.90	188.48	3.4%	10,473.06	(4,754.16)	-45.4%	13,064.66	(7,345.76)	-56.2%
16	Water	3,160.35	3,160.35	-	0.0%	3,160.35	-	0.0%	3,027.71	132.64	4.4%
17	Wastewater	1,630.76	1,630.76	-	0.0%	1,630.76	-	0.0%	1,455.76	175.00	12.0%
18	Total	\$ 45,620.87	\$ 47,602.81	\$ 1,981.94	4.3%	\$ 55,003.51	\$ (7,400.70)	-13.5%	\$ 60,367.47	\$ (12,764.66)	-21.1%

* Gas includes proposed Colorado Clean Heat Plan Charge.



Electric Service

- Electric base rate drivers
 - Funding infrastructure investments
 - Advanced Metering Infrastructure (AMI) & sustainable energy plan projects
 - Generation replacement
 - Supporting growth and resiliency
 - Inflationary increases in labor, benefits, and system maintenance
- Total Electric proposed revenue from rates is \$370.5 million
 - \$27.3 million higher than revenue under current rates
- Overall system increase 8.0%

COS and Rate Design Summary - Electric

Line No.	Rate Class	Net Revenue Requirement	Revenue Under Current Rates	Proposed Increase / (Decrease)	Percent Revenue Change	Proposed Revenue from Rates	Percent of Net Revenue Requirement
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>(e)</u> <u>(g) - (d)</u>	<u>(f)</u> <u>(e) / (d)</u>	<u>(g)</u>	<u>(h)</u> <u>(g) / (c)</u>
1	Residential/Small Commercial (E1R/ETR/E1C)	\$ 190,621,383	\$ 178,250,622	\$ 15,726,075	8.8%	\$ 193,976,697	101.8%
2	Commercial General (E2C/ETC)	52,167,730	50,546,196	2,486,934	4.9%	53,033,130	101.7%
3	Industrial TOD 1,000 kWh/Day Min (ETL)	57,567,197	54,793,798	3,833,437	7.0%	58,627,236	101.8%
4	Industrial TOD 500 kW Min (E8T)	31,559,547	29,310,066	2,346,644	8.0%	31,656,710	100.3%
5	Industrial TOD 4,000 kW Min (E8S)	2,867,883	2,160,502	259,124	12.0%	2,419,626	84.4%
6	Industrial Service - Large Power and Light (ELG)	19,277,726	13,398,423	1,536,598	11.5%	14,935,021	77.5%
7	Industrial Transmission Voltage TOD (ETX)	3,443,925	2,675,649	401,314	15.0%	3,076,962	89.3%
8	Contract Service - Military (ECD)	12,084,552	11,447,356	630,006	5.5%	12,077,362	99.9%
9	Contract Service - Military Wheeling (ECW)	297,600	205,065	30,653	14.9%	235,718	79.2%
10	Traffic Signals (E2T)	222,066	193,809	28,343	14.6%	222,152	100.0%
11	Street Lighting (E7SL)	210,946	199,521	11,425	5.7%	210,946	100.0%
12	Total Electric	\$ 370,320,555	\$ 343,181,006	\$ 27,290,554	8.0%	\$ 370,471,560	100.0%

Additional Electric Rate Changes

Rate Schedule	% Change
Commercial Service – Non-Metered	7.0%
Enhanced Power Service	
Reserved Capacity Charge	12.1%
Community Solar Garden Credit	
Bill Credit (Pilot Program)	9.0%
Program (Varies by Rate Class)*	-1.3% to -2.9%
Electric Vehicle Public Charging	
Level II (On-Peak, Off- Peak)	9.7%, 0.0%
Direct Current Fast Charger (On-Peak, Off-Peak)	0.0%, -13.6%

*Percent changes reflect currently subscribed customer rate classes



Natural Gas Service

- Natural Gas base rate drivers
 - Funding infrastructure investments
 - Supporting growth and resiliency
 - Inflationary increases in labor, benefits, and system maintenance
- Total Natural Gas proposed revenue from rates is \$88.9 million
 - \$5.0 million higher than revenue under current rates
- Overall system increase 6.0%

COS and Rate Design Summary – Natural Gas

Line No.	Rate Class	Net Revenue Requirement	Revenue Under Current Rates	Proposed Increase / (Decrease)	Percent Revenue Change	Proposed Revenue from Rates	Percent of Net Revenue Requirement
(a)	(b)	(c)	(d)	(e) (g) - (d)	(f) (e) / (d)	(g)	(h) (g) / (c)
1	Residential/Commercial Service - Small Firm (G1R, G1CS)	\$ 64,936,921	\$ 60,987,006	\$ 3,953,741	6.5%	\$ 64,940,747	100.0%
2	Commercial Service - Large Firm (G1CL, G8M)	17,199,138	16,360,090	841,020	5.1%	17,201,110	100.0%
3	Commercial Service - Large Firm (G1S)	502,271	475,257	27,650	5.8%	502,907	100.1%
4	Industrial Service - Interruptible (G2I, G3M)	612,486	556,184	56,085	10.1%	612,269	100.0%
5	Industrial Transportation Service - Firm (G4T)	2,429,571	2,351,186	75,233	3.2%	2,426,419	99.9%
6	Contract Service - Military Firm (GCS-FIRM, GCS-G6M)	2,652,616	2,619,945	31,636	1.2%	2,651,581	100.0%
7	Contract Service - Military Interruptible (GCS-INTS, GCS-G7M)	579,769	530,468	49,086	9.3%	579,554	100.0%
8	Total	\$ 88,912,772	\$ 83,880,136	\$ 5,034,451	6.0%	\$ 88,914,587	100.0%

*Figures are exclusive of proposed Colorado Clean Heat Plan Charge.

Additional Natural Gas Rate Changes

Rate Schedule	% Change
Industrial Service – Interruptible Prescheduled	
Access and Facilities	6.4%
Daily Balancing Commodity Charges – Varies by Type (In-Band, Out of Band, Unauthorized)	18.2%, -14.2%, -17.0%
Industrial Transportation Service – Firm Balancing Charges	
Daily	
Demand	-10.2%
Commodity (In-Band)	95.8%
Monthly Cash-Out (Under-Deliveries)	-6.1%

Clean Heat Plan Law

- Requires gas utilities to adopt programs to reduce greenhouse gas emissions
- 4% carbon emission reduction by 2025 with 2% cost cap
 - 2024 Cost Cap: \$2.7 M
- 22% carbon emission reduction by 2030 with 2.5% cost cap



Colorado Clean Heat Plan Charge

- Propose new bill component to transparently recover cost of complying with Clean Heat Plan Requirements
 - Revenue will be used to fund energy efficiency programs that help reduce greenhouse gas emissions
 - Programs include customer rebates for:
 - Energy efficient water heaters and furnaces
 - Insulation
 - Heat pumps

Proposed Colorado Clean Heat Plan Charge and Monthly Gas Bill Impact			
Rate Class	\$ per Ccf	\$ Impact	% Impact
Residential/Commercial Service-Small Firm	\$0.0125	Res: \$.75	Res: 1.9%
All Other Applicable Rate Classes*	\$0.0050	C&I: \$6.20, \$62.00	C&I: 1.1%

*Not applicable to rate classes or customers excluded from Utilities Clean Heat Plan baseline.

Sample Total Service Bill

(Proposed Effective January 1, 2024)



SAMPLE BILL CALCULATIONS ASSUME:

- 30 Day Billing Period
- 700 kWh Electric
- 60 Ccf Natural Gas
- 1,100 cf Water inside city limits
- 700 cf Wastewater inside city limits

Sample Total Residential Monthly Bill

Electric (Proposed)	\$ 98.45
Gas (Proposed)*	\$ 41.10
Water	\$ 80.14
Wastewater	\$ 34.22
Total (Proposed)	\$253.91

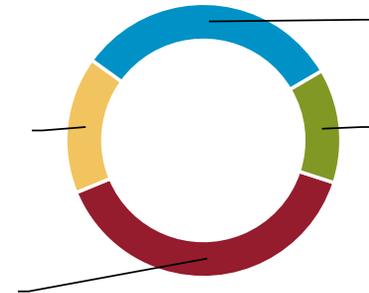
*Includes Proposed Colorado Clean Heat Plan Charge

Sample Residential Monthly Bill

Proposed Residential Changes (Sample Bill)

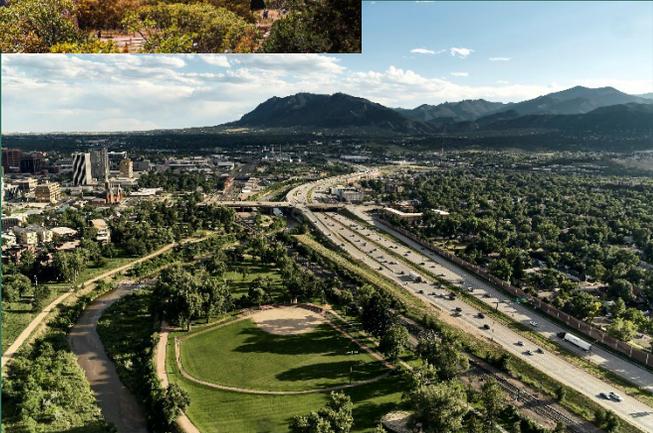
Current Average Sample Bill	\$ 245.88
Proposed Electric & Gas Increase	\$ 8.03
Proposed Total Avg. Sample Bill	\$ 253.91

*Actual bill impacts will vary based on individual customer usage.



Other Tariff Changes

- Electric Rate Schedules
- Water Rate Schedules
- URR



Other Tariff Changes – Electric and Water

- Electric
 - Contract Service – Military
 - Update to On-site, Direct-service Solar Contract Service – USAFA Charge table to reflect additional years under this service
 - Renewable Energy Net Metering
 - Increase limitation on commercial renewable energy system size from 25 kW to 150 kW
 - Interruptible Service
 - Increase customer's required minimum demand from 500 kW to 4,000 kW
- Water – Continuation of phase-in for rates below full cost
 - Nonpotable
 - Increase in commodity rate of 4.9%
 - Augmentation
 - Increase in commodity rate of 4.5%

Other Tariff Changes - URR

- Fee Table and References

- Standardize and update Trip Fees to current cost

Existing

- Return Trip Fee \$30
- Restoration of Service \$30
- Field Collection and Credit \$20
- Quarterly Manual Meter Read \$20
- After-Hours Fee \$10

Proposed

- Residential \$70
- Non-Residential \$100
- After Hours \$40

- Addition of general and specific references for Trip Fee applicability
 - Tampering with Utilities equipment and failure to provide access
- Addition of \$250 fee related to Standby Service and relocations in accordance with City Code (Underground Damage Prevention Safety Program)
- Addition of Renewable Energy System Interconnection Application Review Fee
 - Less than or equal to 150 kW: \$100, greater than 150 kW: \$1,000

Other Tariff Changes - URR

- Water
 - Clarification of Water Leak Adjustment Program limitations
 - Limited to two adjustments per customer per premise in 36-month period
- Wastewater
 - Administrative corrections to Water Regional System Availability Fee paragraph numbering

Next Steps

- ✓ • August 11 Preliminary COS studies and 2024 Rate Case Filing Reports to OCA
- ✓ • August 16 Utilities Board:
 - 2024 Proposed Utilities Preliminary Budget and Rate Case Presentation
- September 12 City Council:
 - Request to establish a Public Hearing date and formal filing of the 2024 Rate Case with City Clerk
- October 24 City Council:
 - 2024 Utilities Budget First Reading
 - 2024 Rate Case Hearing
- November 14 City Council:
 - 2024 Utilities Budget Second Reading
 - 2024 Rate Case Decision & Order



Colorado Springs Utilities[®]

It's how we're all connected