

**AGENDA**

**Wednesday, May 17, 2023**

**1:00 p.m. or directly following the conclusion of the Special City Council meeting.**

**Join on your computer or mobile app**

[Click here to join the meeting](#)

**Or call in (audio only)**

[+1 719-733-3651,,137775188#](#)

<b>1:00 p.m.</b>	<b>1.</b> Call to Order	Chair Donelson	
<b>1:05 p.m.</b>	<b>2.</b> Invocation and Pledge of Allegiance		
<b>1:10 p.m.</b>	<b>3.</b> Consent Calendar <b>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.)</b>	Chair Donelson	
	3a. Approval of Utilities Board Meeting Minutes: April 19, 2023	Chair Donelson	<b>Approval</b>
<b>1:20 p.m.</b>	<b>4.</b> Customer Comments <ul style="list-style-type: none"> <li>• <b>During the customer comment period, comments are accepted for any topic not on the agenda.</b></li> <li>• <b>Comments for specific agenda items will be taken following the presentation of the item and the Board's discussion.</b></li> <li>• <b>Comments will be limited to three minutes per speaker, per item.</b></li> <li>• <b>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.</b></li> </ul>	Chair Donelson	<b>Information</b>

<b>1:45 p.m.</b>	<p><b>5.</b> Compliance Reports: I-2 Financial Condition and Activities (to include Contracts Over \$500K) G-7 – Q1</p> <ul style="list-style-type: none"> <li>• Reviewing committee: Finance</li> </ul> <p>I-2 Financial Condition and Activities - Annual City Auditors Report G-7 (Annual external)</p> <ul style="list-style-type: none"> <li>• Reviewing committee: Finance</li> </ul> <p>I-8 Asset Protection - Annual City Auditors Report</p> <ul style="list-style-type: none"> <li>• Reviewing committee: Finance</li> </ul> <p>E-2 CEO Responsibilities</p> <ul style="list-style-type: none"> <li>• Water Outlook</li> <li>• ECA/GCA monitoring</li> </ul>	Travas Deal, Chief Executive Officer	<b>Monitoring</b>
<b>2:00 p.m.</b>	<b>6.</b> Items Called Off Consent Calendar		
<b>2:10 p.m.</b>	<b>7.</b> Water Service Extension Ordinance & Annexations	Bryan English, Project Manager III	<b>Discussion</b>
		Renee Congdon, Utilities Division Chief - City Attorney's Office	
<b>2:50 p.m.</b>	<b>8.</b> Fountain Valley Authority (FVA) Water Treatment Contract	Abby Ortega, Resource Infrastructure Planning General Manager	<b>Discussion</b>
<b>3:10 p.m.</b>	<b>9.</b> Clean Heat Plan	David Longrie, Engineering Manager	<b>Discussion</b>
<b>3:30 p.m.</b>	<b>10.</b> Economic Development Subcommittee Dissolution	Natalie Watts, Strategic Planning and	<b>Approval</b>

			Governance Manager	
<b>3:40 p.m.</b>	<b>11.</b>	Board Member Updates	Board of Directors	<b>Information</b>
<b>3:50 p.m.</b>	<b>12.</b>	Summary of Board Actions	Andie Buhl, Utilities Board Administrator	
<b>4:00 p.m.</b>	<b>13.</b>	Adjournment	Chair Donelson	

**MINUTES**  
**Colorado Springs Utilities Board Meeting**  
**Wednesday, April 19, 2023**

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

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

**Staff members present via Microsoft Teams or Blue River Conference Room:** Travas Deal, Renee Adams, Tristan Gearhart, Lisa Barbato, Somer Mese, Dan Norton, Jamie Fabos, Natalie Watts, Joe Marcotte, Andie Buhl, Jessica Davis, Kandy Drake, Kalsoum Abbasi, Adam Hegstrom, Ron McKinnon, Jon Cockroft, Kevin Case, Brendan Cavanaugh, Nick Verdi, Melissa Remick, Wayne Griffin and Chris Fernandez

**City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:** Alex Ryden, Renee Congdon, Chris Bidlack, Jackie Rowland and Ryan Trujillo

**1. Call to Order**

Vice Chair O'Malley called the Utilities Board meeting to order at 1:00 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

**2. Invocation and Pledge of Allegiance**

Mr. Adam Hegstrom, Springs Utilities' Treasury and Finance Manager, delivered the invocation and Vice Chair O'Malley led the Pledge of Allegiance.

**3. Consent Calendar**

**3a. Approval of Utilities Board Meeting Minutes: March 22, 2023**

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

**4. Customer Comments**

There were none.

**5. Recognition**

- Wastewater Worker Appreciation and NACWA Peak Performance Awards

Ms. Tara Kelley, Wastewater Treatment Manager, explained how Governor Jared Polis has declared April 16-22, 2023 as Wastewater Worker Appreciation Week statewide. The proclamation honors Colorado's wastewater workers and their contributions to

protecting Colorado’s water resources and the environment. Mr. Nick Verdi, Wastewater Collection Operations Superintendent I, expressed appreciation for Springs Utilities’ wastewater employees. He said Springs Utilities’ wastewater employees respond 24 hours a day, seven days a week to ensure that customers’ wastewater is collected and treated to a high standard to protect the environment.

Ms. Kelley said Springs Utilities’ Las Vegas Street Water Resource Recovery Facility and J.D. Phillips Water Resource Recovery Facility also received award-winning treatment performance awards from the National Association of Clean Water Agencies (NACWA). She said the Las Vegas Street facility recently received the Platinum Peak Performance Award for demonstrating eight consecutive years (2014-2021) of 100% compliance with its discharge permit – and the J.D. Phillips facility was recognized with a Gold Peak Performance Award for 100% compliance in 2021.

Ms. Kelley introduced wastewater collection specialists and Board Members Avila, Henjum and Donelson recognized and thanked Springs Utilities’ wastewater staff and employees.

- Community Focus Fund (CFF) G.I.V.E. Month

Ms. Jamie Fabos, Public Affairs General Manager, said CFF was established by City Council resolution on March 25, 1997. She reviewed CFF’s mission statement and said it is a year-round initiative; however, during the month of April, the organization promotes G.I.V.E. (Get Involved in Volunteer Events). She said this is a concentrated effort of volunteering in the community where staff has a wide range of volunteer opportunities and engagement. Ms. Fabos also reviewed April GIVE events and CFF Steering Committee members.

Board Members Henjum, Avila and Leinweber expressed appreciation for Springs Utilities staff for their volunteer efforts and leveraging a younger volunteer audience.

## 6. Compliance Reports

- I-2 Financial Condition and Activities (to include Contracts Over \$500K\*\*) G-7 – Q4
- I-12 Environmental Stewardship
- E-2 CEO Responsibilities
  - Water Outlook
  - ECA/GCA Monitoring

Ms. Kalsoum Abbasi, Planning Supervisor – Water Conveyance, provided a water outlook update. She reviewed Colorado Springs’ water supply system and Springs Utilities’ system diversions (from 1994 – 2022):

- Exchange (reuse) – 22%
- Local – 16%
- Arkansas River – 17%
- Colorado River – 45%

Ms. Abbasi discussed local weather conditions as of March 31, 2023 and the U.S. drought monitor which predicts that drought will persist in most of eastern Colorado. She said the snowpack in the Arkansas River Basin is 92% of normal as of April 17 and the snowpack in the Colorado River Basin is 134% of normal as of April 3.

Ms. Abbasi said the statewide SNOTEL map shows that watersheds in Colorado are at or above normal snow water equivalent, with the exception of the Arkansas River Basin. She explained that April 1 yield forecast predicts 100% of average yield from Colorado Springs' water collection systems this year.

Ms. Abbasi said water demand in March averaged 42.4 million gallons per day, which was 3.4% more than last year. She said approximately 85% of the increase over last year is due to delivery to Fountain Valley Agreement partners during a scheduled treatment plant outage.

Ms. Abbasi reviewed monthly water use for March 2023 and reservoir levels as of March 31, 2023. She discussed Colorado Springs' system wide storage, which is about 185,900 acre-feet, or 71.7% of capacity. She said this is above the shorter-term (2001-2022) average of 68.1% for this time of year. She also said Colorado Springs' system wide storage was about 187,600 acre-feet, or 72.4% of capacity, at the end of March, which is just below the longer-term (1991-2021) average of 74% for this time of year. This equates to about 2.6 years of demand in storage. Ms. Abbasi concluded with a water outlook summary.

#### **7. Items Called Off Consent Calendar**

There were none.

The Utilities Board took a break at 1:56 p.m. and returned at 2:06 p.m.

#### **8. Acquisition of Real Property to be Used for the Central Bluffs Substation Project**

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

Ms. Davis reviewed details of the property acquisitions for one of the sites: 2922 Austin Bluffs Parkway. She concluded with next steps, and the Utilities Board agreed to put this item on Consent at the May 9, 2023 City Council meeting.

#### **9. Utilities Board Chair Election**

Vice Chair O'Malley asked for nominations for the Chair of the Utilities Board and explained the process that would be followed. Vice Chair O'Malley nominated Board Member Donelson for Chair and explained why. Board Member Henjum nominated Board Member Avila for Chair and explained why.

Board Member Donelson explained his vision for the next two years. Board Member Avila explained her vision for the Board and highlighted her six years of experience already serving on the Utilities Board.

Ms. Buhl polled the Utilities Board members on their preference for Chair. Board Members Crow-Iverson, Donelson, Helms, Henjum, Leinweber, O'Malley and Risley voted in favor of Board Member Donelson. Board Members Avila, Henjum and Talarico voted in favor of Board Member Avila.

Vice Chair O'Malley announced Board Member Donelson as the new Chair of the Utilities Board. Chair Donelson shared his excitement and thanked Board members for their support.

#### **10. Utilities Board Vice Chair Election**

Chair Donelson asked for nominations for the Vice Chair of the Utilities Board and explained the process that would be followed. Chair Donelson nominated current Vice Chair O'Malley to remain Vice Chair and explained why.

Current Vice Chair O'Malley explained his vision for the next two years.

Ms. Buhl polled the Utilities Board members on their preference for Vice Chair. Board Members Avila, Crow-Iverson, Donelson, Helms, Henjum, Leinweber, O'Malley, Risley and Talarico voted in favor of Board Member O'Malley.

Chair Donelson announced Board Member O'Malley as the Vice Chair of the Utilities Board.

Vice Chair O'Malley shared his excitement to continue serving in this role and thanked Board members for their support.

#### **11. Board Member Updates**

Board Member Henjum recognized the Utilities Policy Advisory Committee (UPAC)'s work on their assignment and asked Board members to attend future Finance Committee meetings. She also thanked staff for coordinating orientation for the new Utilities Board members.

Board Member Avila brought awareness to district townhalls and the language barrier concern in Colorado Springs. She also expressed excitement to work with the new Utilities Board members.

Board Member Risley said he looks forward to attending future Strategic Planning Committee meetings and working with Springs Utilities.

Board Member Talarico provided an update from last night's public meeting about the demolition of Martin Drake Power Plant. She also thanked staff for keeping the Mill Street community informed throughout the process.

Vice Chair O'Malley welcomed perspectives from the new Utilities Board Members.

Board Member Crow-Iverson echoed the language barrier concern in Colorado Springs.

Chair Donelson encouraged Board members to attend all committee meetings, regardless of whether they are members. He also thanked the Board members for electing him Chair.

## **12. Adjournment**

The meeting adjourned at 2:36 p.m.





**Date:** May 17, 2023

**To:** Utilities Board

**From:** Travas Deal, Chief Executive Officer

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

**Desired Action:** Monitoring

**Compliance:** The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Reporting Timeframe:	<b>January 1, 2023 – March 31, 2023</b>
Policy Title (Number):	<b>Financial Condition and Activities (I-2)</b>	Reviewing Committees:	<b>Finance; Program Management Review</b>
Monitoring Type:	<b>Internal; City Auditor</b>	Monitoring Frequency:	<b>Quarterly, Annually</b>
Guidelines:	<b>Local Vendor (G-7)</b>		

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

1. *Operate within total appropriations for the fiscal year and inform the Utilities Board of:*
  - a. *Significant financial variances*
    - Fuel expenses are projected to be \$200.4 million or 38% under the approved budget primarily due to lower actual and forecasted 2023 natural gas prices than those projected at the time of the 2023 budget appropriation
    - Operating revenues are currently \$5.3 million or 1.9% over the approved budget mainly due to an increase in Electric Cost Adjustment and Gas Cost Adjustment revenue related to higher rates vs. lower fuel expenses
    - Capital expenses are projected to be \$53.1 million or 13% over the approved budget primarily due to work shifting from 2022 to 2023
    - Non-fuel operating expenses are projected to be \$5.3 million or 1% under approved budget primarily due to labor and benefits shift to Capital

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

As of the end of the first quarter of 2023:

- Operating and maintenance expenses are projected to exceed the approved budget by \$4.3 million or 2% in A&G and \$0.1 million or <1% in Wastewater.
- Capital expenditures are projected to exceed the approved budget by \$37.3 million or 16% in Electric, \$13.1 million or 17% in Water, and \$5.5 million or 21% in Common.

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

In the first quarter of 2023, there were two canceled capital projects, one in Electric, and one in Wastewater:

- Front Range Combustion Turbine 2 Compressor Replacement (193923) - \$1,487,500
- URP – Wastewater Mains Replacement and Lining (495405) - \$1,000,000

In the first quarter of 2023, there were twelve new capital projects, five in electric, one in gas, two in water, two in wastewater and two common:

- Advanced Technologies Campus (596664) - \$3,000,000
- Briargate 16 Inch Water Line (394758) - \$2,701,000
- Streetlighting in Memorial Park for City and Police Department (194052) - \$1,505,000
- Marksheffel Connector Propane Air Plant Expansion (293170) - \$1,238,386
- Middle Tributary Lift Station and Force Main Rehabilitation (495420) - \$1,200,000
- Network Virtualization and Security Platform (596732) - \$1,040,000
- Eagle River MOU Project (396081) - \$800,000
- Horizon Substation – 34.5kV Transformer, Switchgear, and Feeders (194037) - \$700,000
- Atmel Substation - Transformer, Switchgear, and Feeders (193745) - \$550,000
- Tesla Hydro Isolation Valves (193975) - \$500,000
- Fontanero 115kV Underground Reconfiguration (193933) - \$500,000
- Las Vegas Roof Replacement Program (495330) - \$500,000

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

In the first quarter of 2023, there were 22 new contracts initiated over \$500,000.

Service	Description	Type	Contract Amount
Electric Service	Front Range Power Plant - U2 Gas Turbine Rotor	RELEASE	\$15,715,000
Electric Service	Drake Power Plant Abatement and Decommissioning	STANDARD	\$12,154,240
Multi Service	Serco- Target- Non Target	RELEASE	\$8,000,000
Multi Service	Fuel Agreement w/ City of Colorado Springs	RELEASE	\$2,300,000
Multi Service	Broadmoor Tank 4 Rehabilitation - upkeep and repair of Broadmoor tank 4.	STANDARD	\$1,732,625
Gas Service	Purchase Gas Tapping and Stopping Equipment	STANDARD	\$1,627,567
Multi Service	2023 Infor Milestones	RELEASE	\$1,594,092
Multi Service	HEAP Program (2023 Program Year)	RELEASE	\$1,539,550
Water Service	Twin Lakes Redundant Main Line Valve Replacement	STANDARD	\$1,400,000
Multi Service	Milestone 11 - C2M+O System Integrator Implementation	RELEASE	\$1,210,793
Electric Service	Front Range Power Plant ACC Switchgear conversion to Variable Speed Drives	STANDARD	\$970,216
Electric Service	Front Range Enhanced Compressor Packages	RELEASE	\$903,980
Multi Service	Infor SaaS Subscription 2023	RELEASE	\$864,000
Water Service	Homestake Outlet Tunnel Rehabilitation Project. Rehabilitation of the Homestake Outlet Structure Hydro Units 1 and 2	STANDARD	\$848,000
Multi Service	Network Virtualization and Security Platform VMWARE-ELA	RELEASE	\$764,872
Multi Service	CSS Implementation	RELEASE	\$735,664
Multi Service	NIXON MILLS - LONG LEADTIME	RELEASE	\$689,053
Multi Service	2023 - 2024 C2M Licenses	RELEASE	\$673,118
Electric Service	TNGG GENERATOR RELAY UPGRADE	STANDARD	\$662,987
Multi Service	Servers - ESA Life Cycle	RELEASE	\$626,574
Multi Service	Cable & Wire Alliance Hold at Irby	RELEASE	\$601,462
Water Service	Water Management And Reuse Studies	STANDARD	\$577,644

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

Service	Description	Type	Contract Amount	
			Prior Qtr. Amount	Q1 Amount
Multi Service	Allegro-task order	RELEASE	\$416,600	\$572,600
Multi Service	Cable & Wire Alliance to be held at Irby	RELEASE	\$460,194	\$502,403

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

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

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

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

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

Days Sales Outstanding (DSO) is the average number of days receivables remain outstanding before being collected. At the end of the first quarter of 2023, there is 20.5 of DSO.

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

These conditions have been achieved as of this monitoring report.

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

These conditions have been achieved as of this monitoring report.

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

Colorado Springs Utilities maintains written purchasing regulations that assure legal and fiscal compliance with competitive acquisition practices, avoid conflicts of interest, avoid favoritism, and promote procurement from local vendors. Total spending associated with purchase orders and contracts with local area addresses is at 23.5% for the first quarter with a target of 30%.

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

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



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Jacqueline M. Rowland  
City Auditor, CPA CFE PMP

## 23-XX Colorado Springs Utilities Board Instruction I-2, Financial Conditions and Activities, and I-8, Asset Protection

April 2023

### **Purpose**

The purpose of this high level compliance review was to determine whether Colorado Springs Utilities (Utilities) complied with Utilities Board Instructions to the Chief Executive Officer, Policies I-2, Financial Condition and Activities, and I-8, Asset Protection. In addition to verifying management’s 2022 quarterly and semi-annual monitoring reports, our objectives included assurance that any known violations were reported to the Utilities Board.

### **Highlights**

Based on our review, we conclude that Colorado Springs Utilities and the Chief Executive Officer were in compliance with Utilities Board Instructions to the Chief Executive Officer, Policies I-2, Financial Condition and Activities, and Policy I-8, Asset Protection.

The Office of the City Auditor (OCA) completed our review as directed by the Utilities Board. Under Policy Guidelines - G-3, Compliance Report Frequency and Method, the OCA is required to monitor compliance with Policies I-2, Financial Condition and Activities, and I-8, Asset Protection, annually.

Policy I-2 states, “The Chief Executive Officer shall direct that financial condition and activities, and actual expenditures are consistent with Board expected results”. Policy I-8 states, “The Chief Executive Officer shall direct that enterprise assets are protected, adequately maintained, and not unnecessarily risked”. Our audit included verification of the accuracy and reliability of statements made in the monitoring reports prepared by Colorado Springs Utilities for the Utilities Board. Procedures included obtaining supporting documents, policies, reports, and data recalculations.

We would like to thank Utilities staff for their supportive cooperation during this review.

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

City Council’s Office of the City Auditor  
City Hall, 107 North Nevada Ave. Suite 205, Mail Code 1542, Colorado Springs CO 80901-1575  
Tel 719-385-5991 Fax 719-385-5699 Reporting Hotline 719-385-2387  
[www.ColoradoSprings.gov/cityauditor](http://www.ColoradoSprings.gov/cityauditor)



**Date:** May 17, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Excellence in Governance Monitoring Report  
Utilities Board/Chief Executive Officer Partnership Expectations (E-2)  
**Desired Action:** Monitoring

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

### May 2023 Water Outlook using data as of April 30, 2023

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

**2023 Demands:** April use averaged 49.3 million gallons per day (MGD), which was about 6.7% less than last April. Year to date demand is averaging 44.6 MGD, which is 1.9% more than last year at this time. Temperatures in April were below the 30-year average at 46.5 degrees Fahrenheit, which was 1.1 degrees below-normal. Year-to-date temperatures have averaged 37.4 degrees Fahrenheit, which is below normal for April. Total precipitation for April was 1.45 inches, which is normal. Year-to-date precipitation is 2.41 inches, which is 85% of normal.

**Current Reservoir Levels:** Local storage is currently at about 51,715 acre-feet (78% of capacity). The 1991-2020 average is 80% of capacity. Rampart Reservoir is at 90% of capacity, and Pikes Peak storage is at 60% of capacity. System wide, total storage is about 183,200 acre-feet (71% of capacity). Last year at this time, total system wide storage was 71% of capacity. It was about 70% at this same time in 2021, about 77% of capacity in 2020, about 71% of capacity in 2019, about 80% of capacity in 2018, about 78% of capacity in 2017, about 78% of capacity in 2016, about 80% of capacity in 2015, and about 61% of capacity in 2014. The 1991-2021 average system wide storage for the end of April is 72% of capacity.

**Water Supply Outlook:** Our April yield forecast predicts 100% of average yield from Colorado Springs' water collection systems this year. Snowpack is above average in most of Colorado,

except for the Arkansas River Basin. The three-month climate outlook predicts higher chances of above-average temperatures across the southern half of the state and equal chances of below-average and above-average precipitation throughout all of Colorado. We continue to monitor snowpack, demand and storage to maximize available water supply.

**Operational Notes:** The scheduled outage of the FVA Water Treatment Plant ended on April 22 and normal operations have since resumed. Total system storage is at 71% of capacity and holds about 2.6 years of demand, which is slightly below average for the end of April. Local storage contains about 264 days of demand.

#### Electric Cost Adjustment (ECA)

On Feb. 28, 2023, City Council approved the ECA rate of \$0.0284 per kWh effective March 1, 2023. As of April 30, 2023, the ECA under collection balance was \$4.3 million. The balance changed by \$3.1 million from the \$7.4 million under collection balance reported last month. Colorado Springs Utilities continues to provide regular updates to the Utilities Board and will propose adjustments as appropriate.

#### Gas Cost Adjustment (GCA)

On Feb. 28, 2023, City Council approved the GCA rate of \$0.3268 per Ccf effective March 1, 2023. As of April 30, 2023, the GCA over collection balance was \$20.9 million. The balance changed by \$2.1 million from the \$18.8 million over collection balance reported last month. Colorado Springs Utilities continues to provide regular updates to the Utilities Board and will propose adjustments as appropriate.



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

# Water Outlook

Katie Garrett, EIT

Water Resources Engineer, Water Conveyance

May 1, 2023



# Local Weather Conditions as of April 30, 2023

## Precipitation (Inches of Moisture)

- April 2023 – 1.45 in. (100% of normal)
- 2023 YTD Total – 2.41 in. (85% of normal)

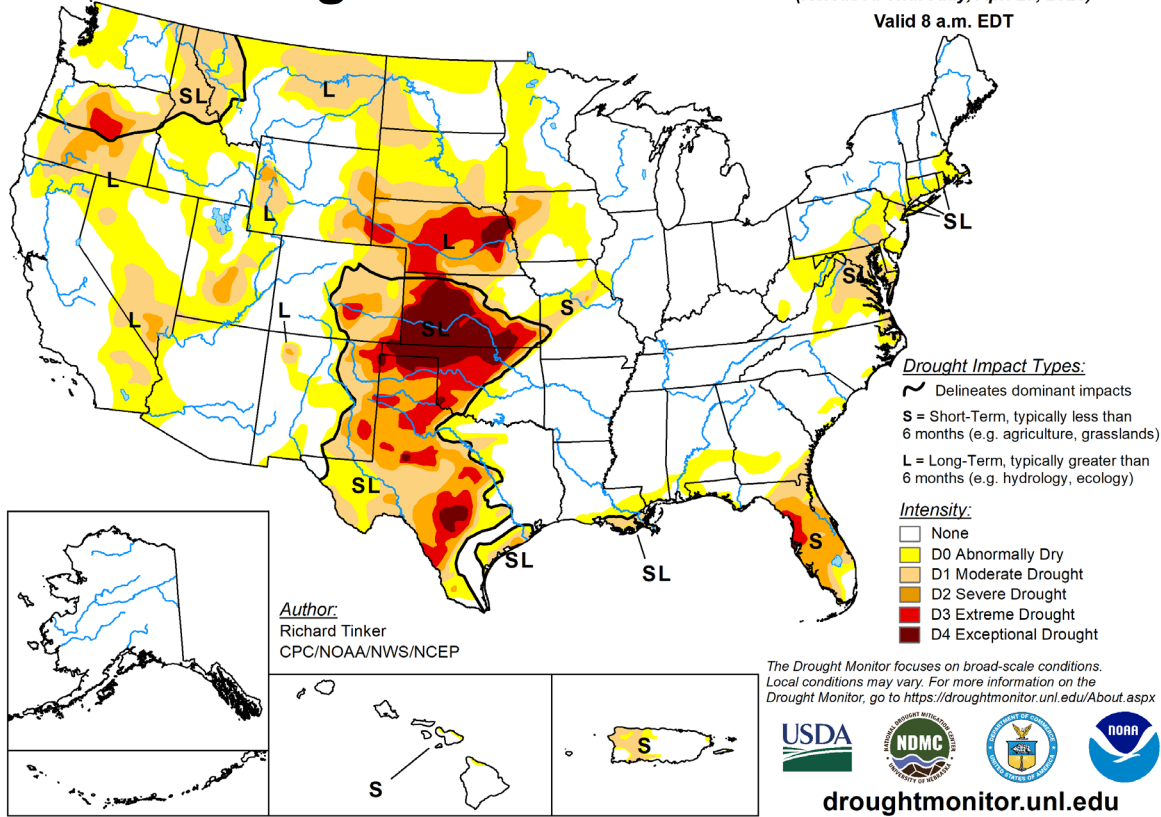
## Average Temperature (Degrees F)

- April 2023 – 46.5 Deg. (1.1 deg. below normal)
- 2023 YTD Average – 37.4 Deg. (1.1 deg. below normal)



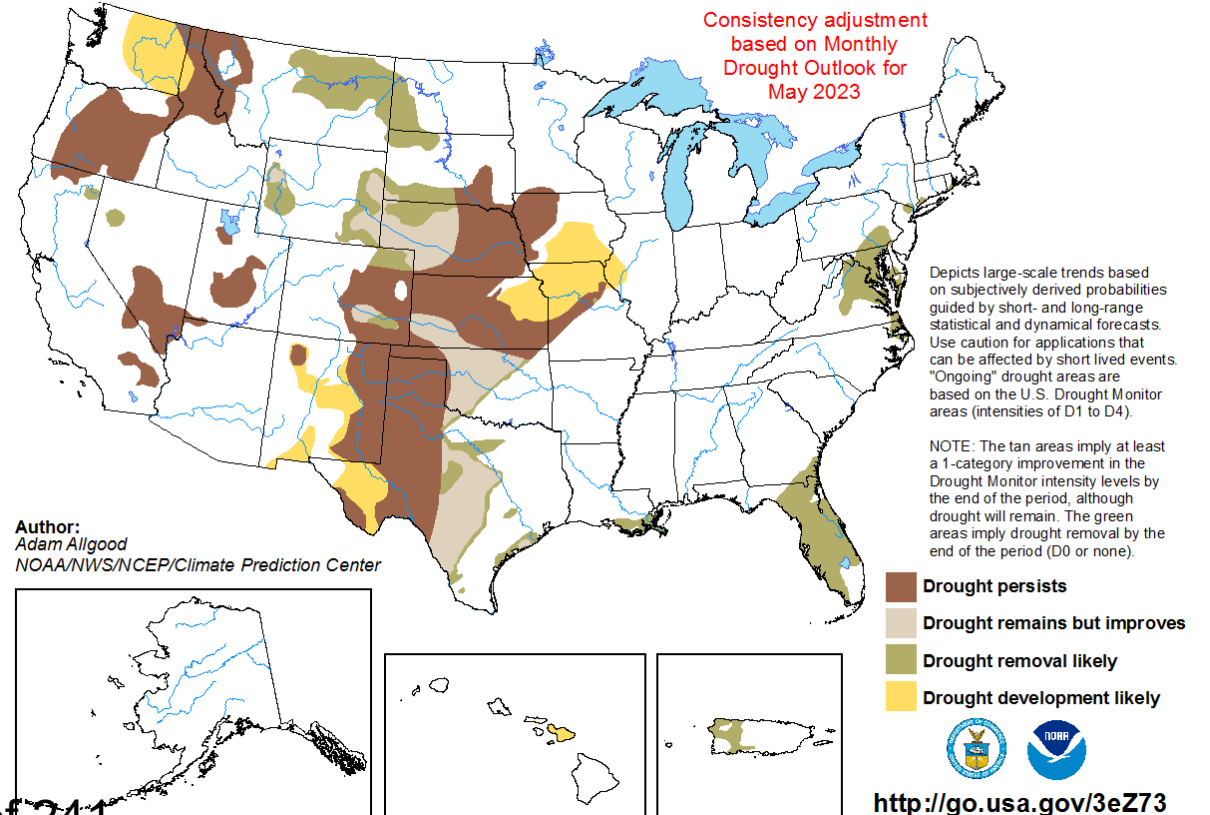
# U.S. Drought Monitor

April 25, 2023  
 (Released Thursday, Apr. 27, 2023)  
 Valid 8 a.m. EDT



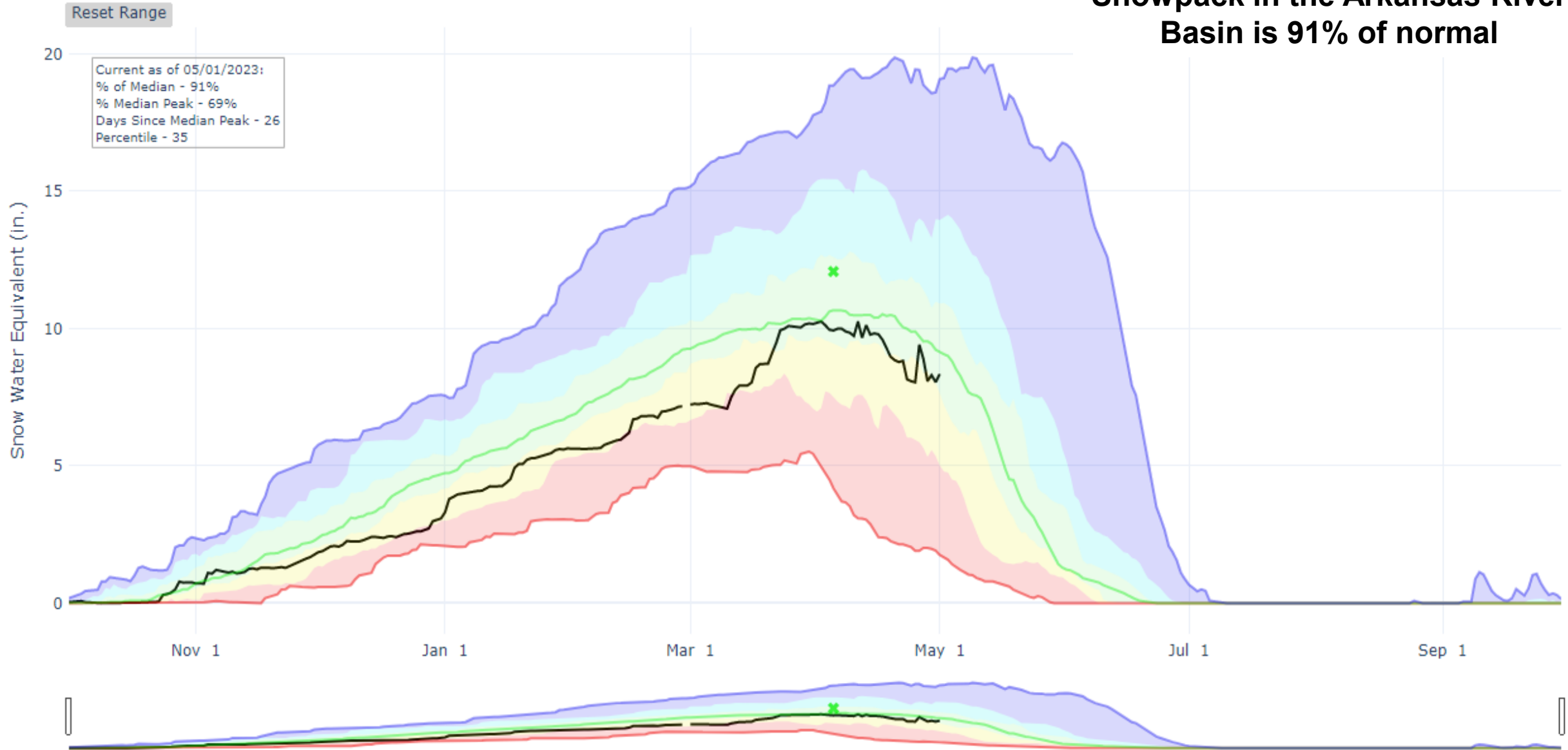
## U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for May 1 - July 31, 2023  
 Released April 30, 2023



# SNOW WATER EQUIVALENT IN ARKANSAS

## Snowpack in the Arkansas River Basin is 91% of normal

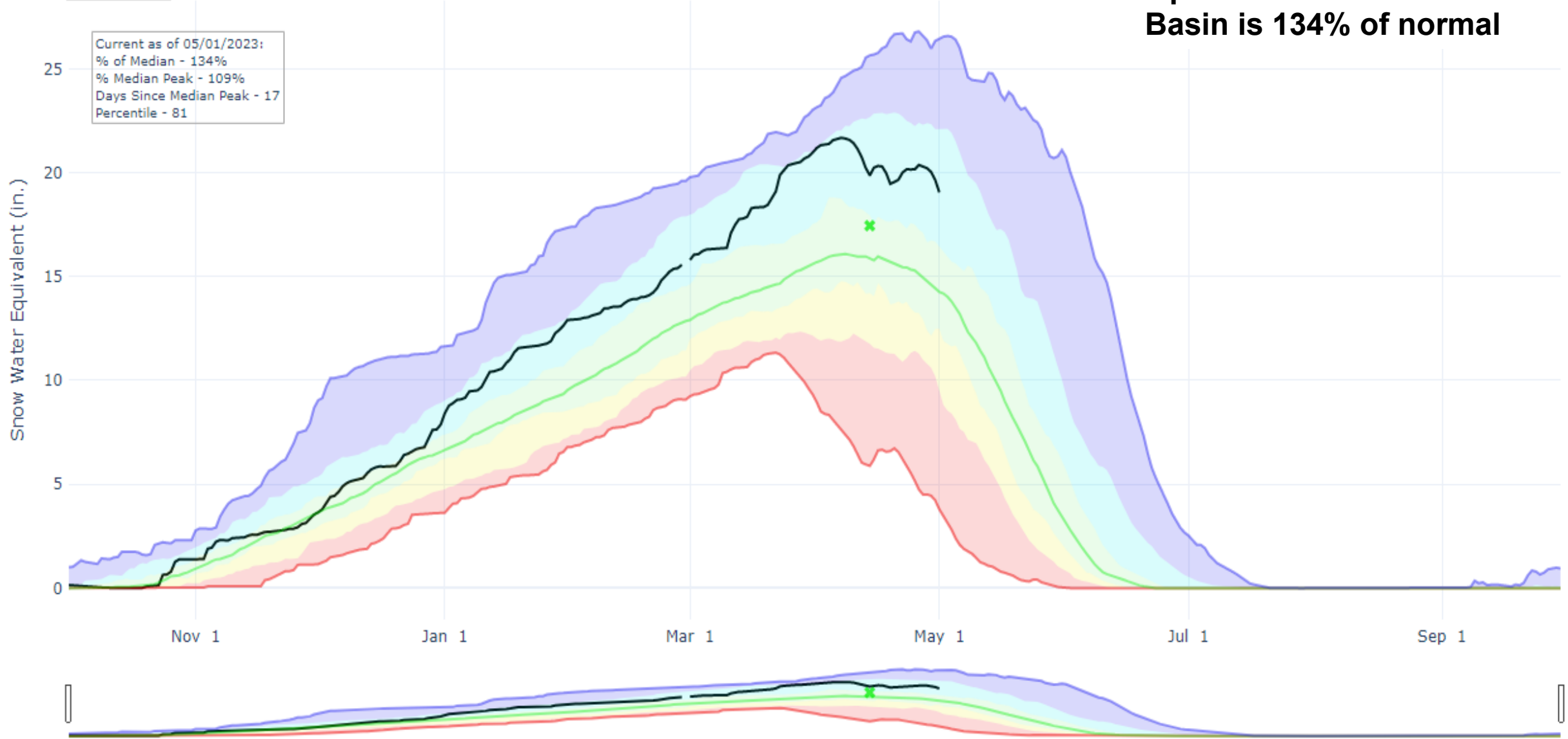


# SNOW WATER EQUIVALENT IN COLORADO HEADWATERS

Reset Range

Current as of 05/01/2023:  
% of Median - 134%  
% Median Peak - 109%  
Days Since Median Peak - 17  
Percentile - 81

## Snowpack in the Colorado River Basin is 134% of normal

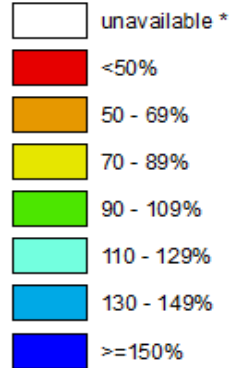


**Colorado**  
**SNOTEL Current Snow Water Equivalent (SWE) % of Normal**

**Apr 28, 2023**

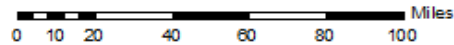
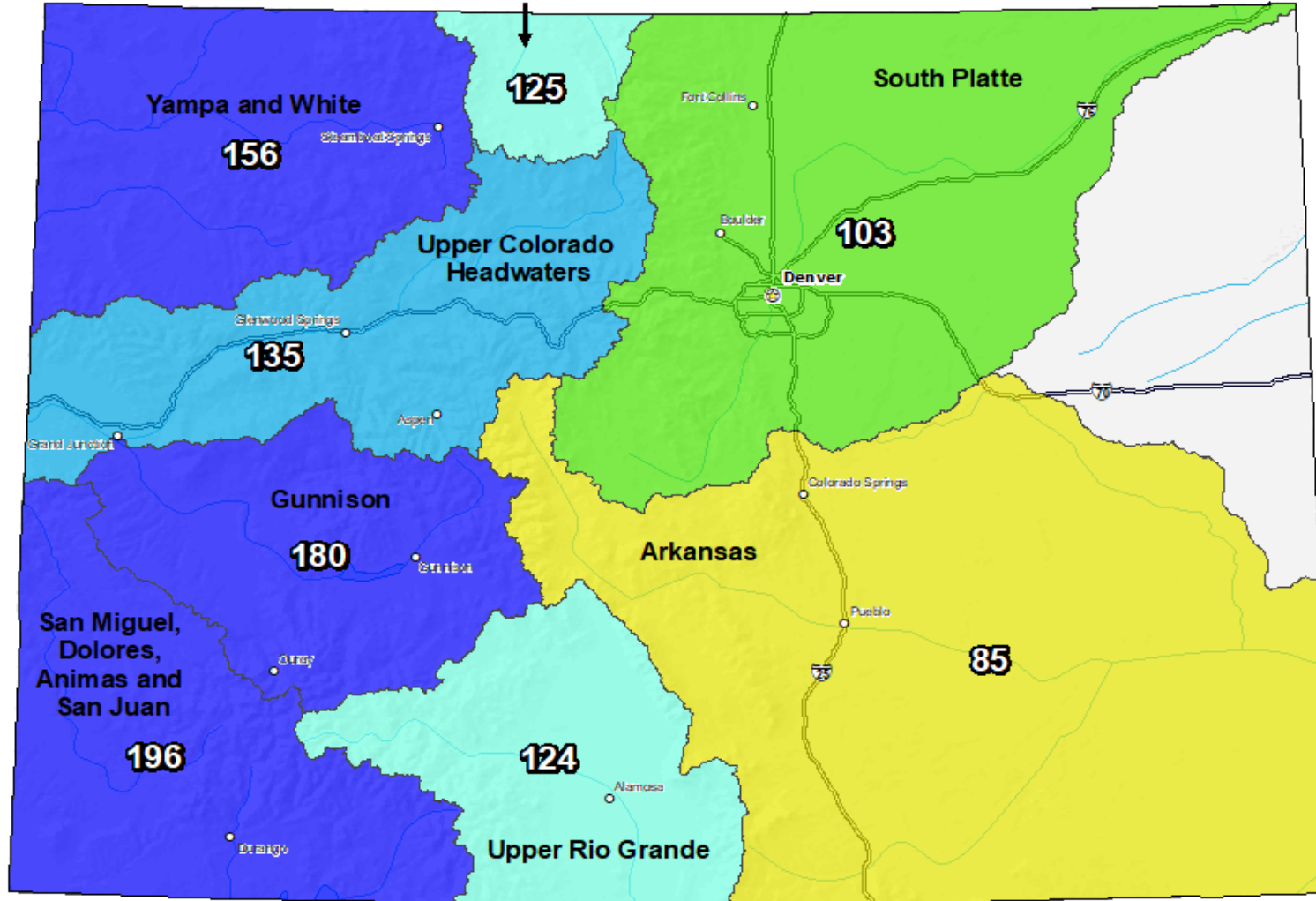
Laramie and North Platte

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



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

*Provisional Data  
 Subject to Revision*

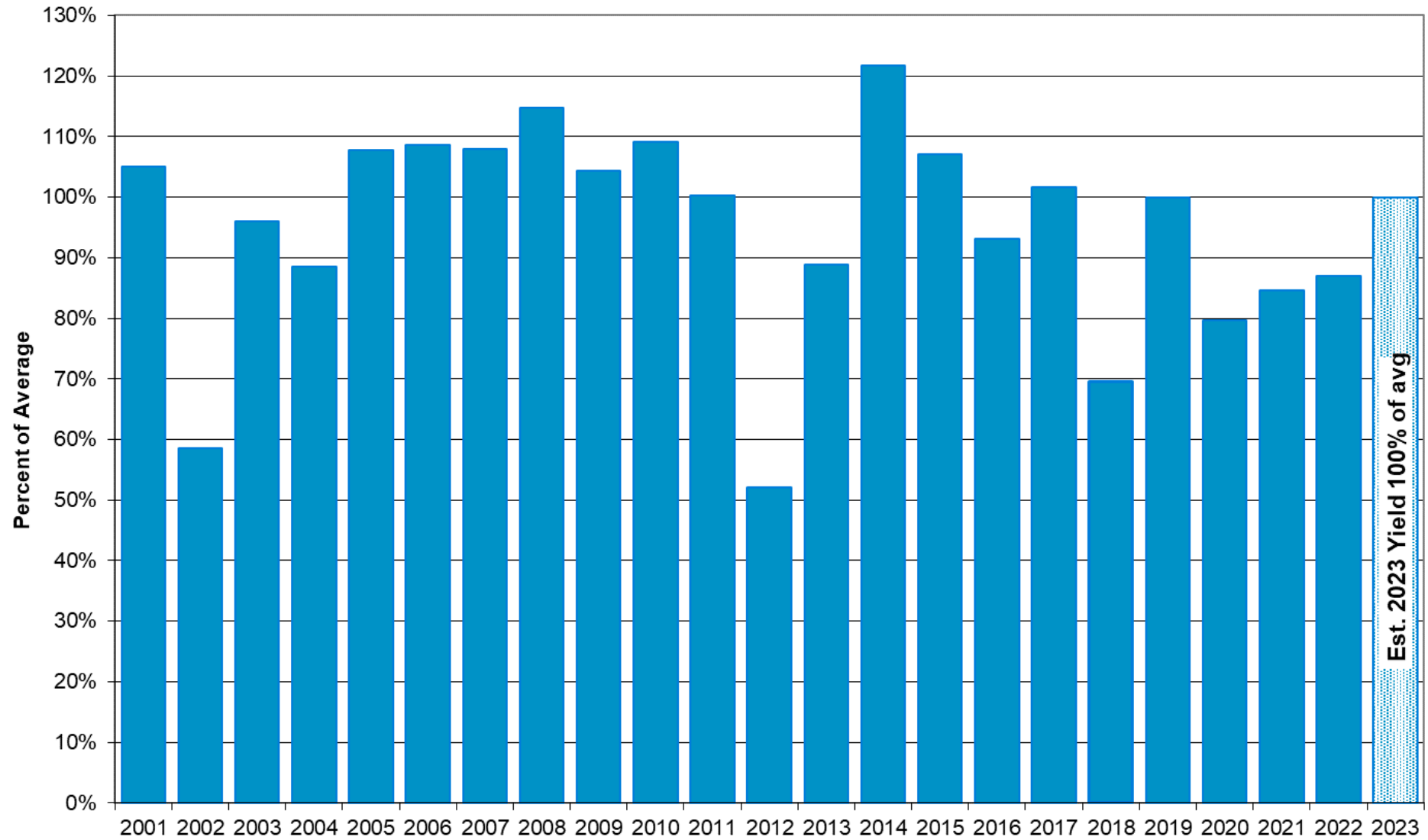


The snow water equivalent percent of normal represents the current snow water equivalent found at selected SNOTEL sites in or near the basin compared to the average value for those sites on this day. Data based on the first reading of the day (typically 00:00).

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

# Colorado Springs Water Yields 2001 - 2023

## Percent of Average Yield



# 2023 Demands

## April

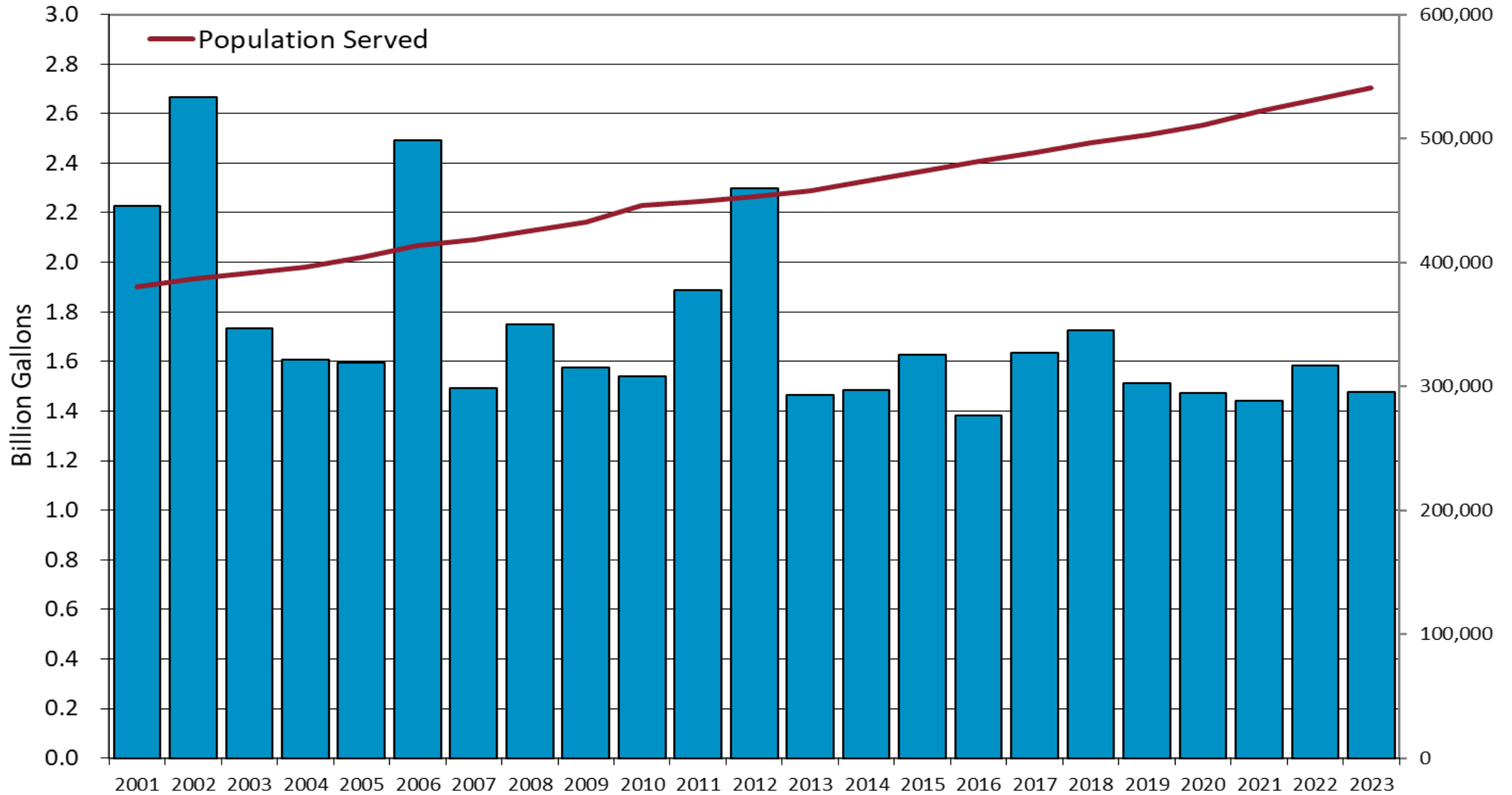
- Averaged 49.3 MGD
- 6.7% less than April 2022
  - This includes delivery to FVA partners during scheduled outage (ended April 22<sup>nd</sup> )

## 2023 Year to Date

- Averaging 44.6 MGD, 5.3 BG total
  - 1.9% more than 2022
  - 0.01 Billion Gallons more than 2022



# Monthly Water Use for April





# Reservoir Levels

April 30, 2023

- Pikes Peak 60 %
  - 91-20 Avg. 67 %
- Rampart 90 %
  - 91-20 Avg. 89 %
- Local Total 78 %
  - 91-20 Avg. 80 %
- System Total 71 %
  - 91-20 Avg. 72 %

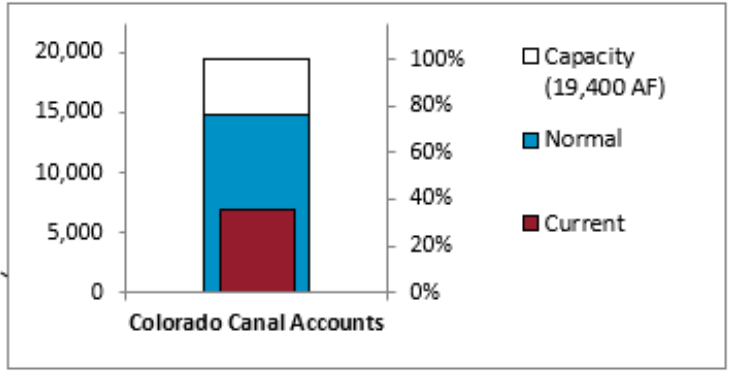
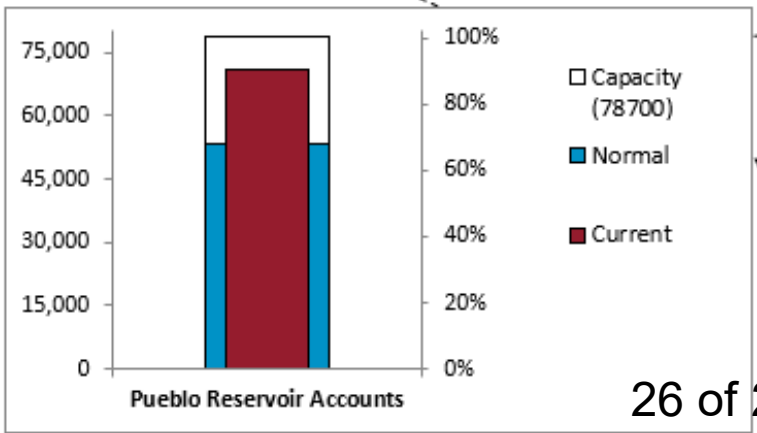
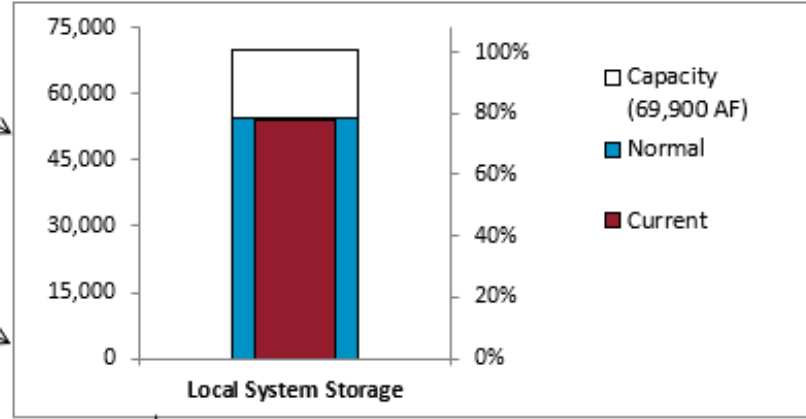
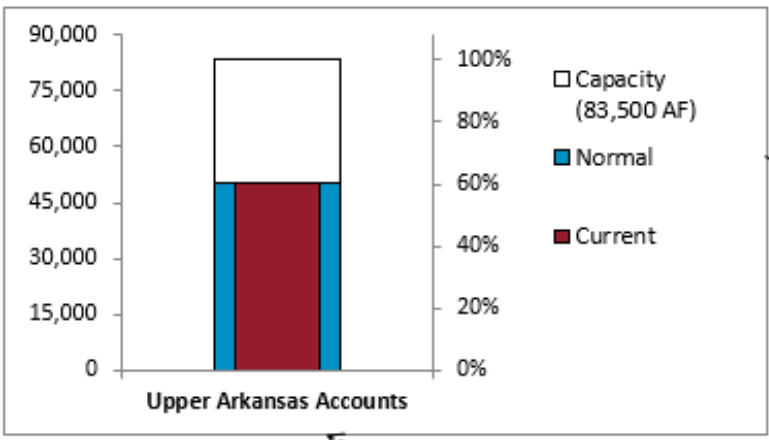
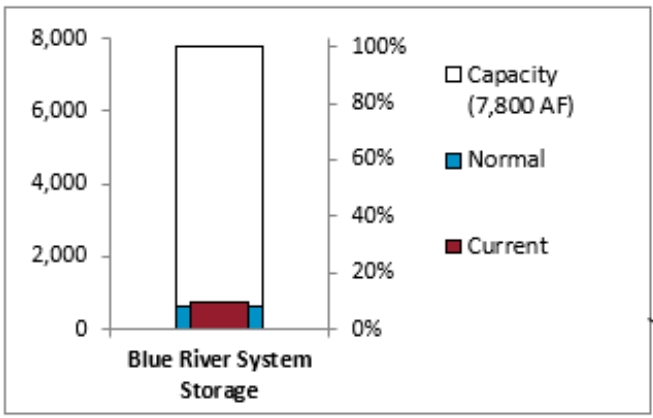


**Colorado Springs' System Wide Storage:**

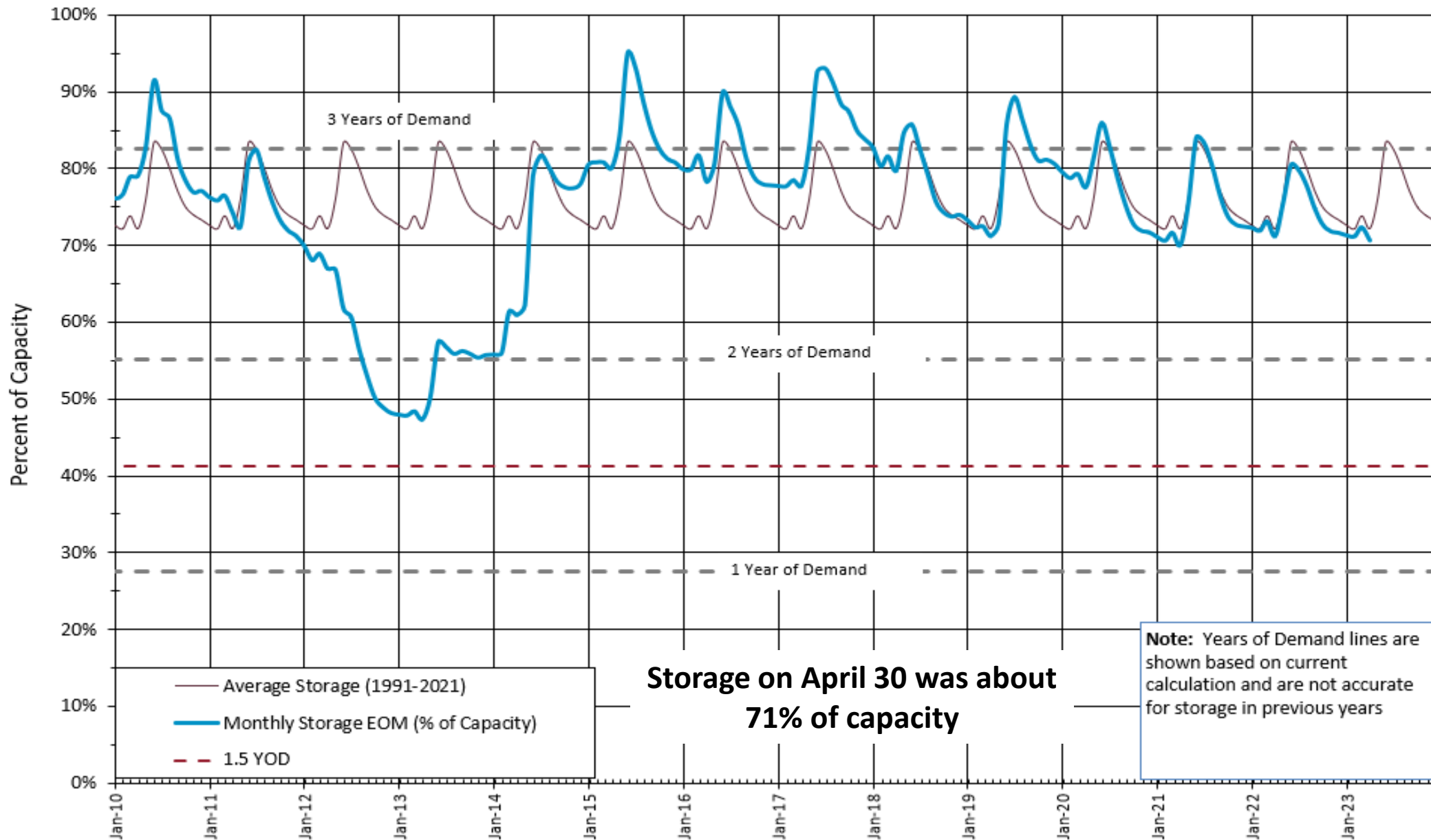
**April 30, 2023**    **183,200 af**  
**70.7 %**

**2001-2022 avg**    **173,200 af**  
**66.8 %**

**Average YTD Demand**    **44.5 MGD**



## Monthly Storage Percent of Capacity



**Storage on April 30 was about  
71% 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 71% of capacity, slightly below our long-term average
  - About 2.6 years of demand in storage, based on the past 3 years of demand
  - Have 264 days of demand in local storage
- Three-month outlook predicts
  - Higher chances for above-average temperatures across much of southern Colorado
  - Equal chances of below-average and above-average precipitation across all of Colorado
- We continue to monitor snowpack, demand and storage to maximize available water supply



Colorado Springs Utilities<sup>®</sup>

*It's how we're all connected*



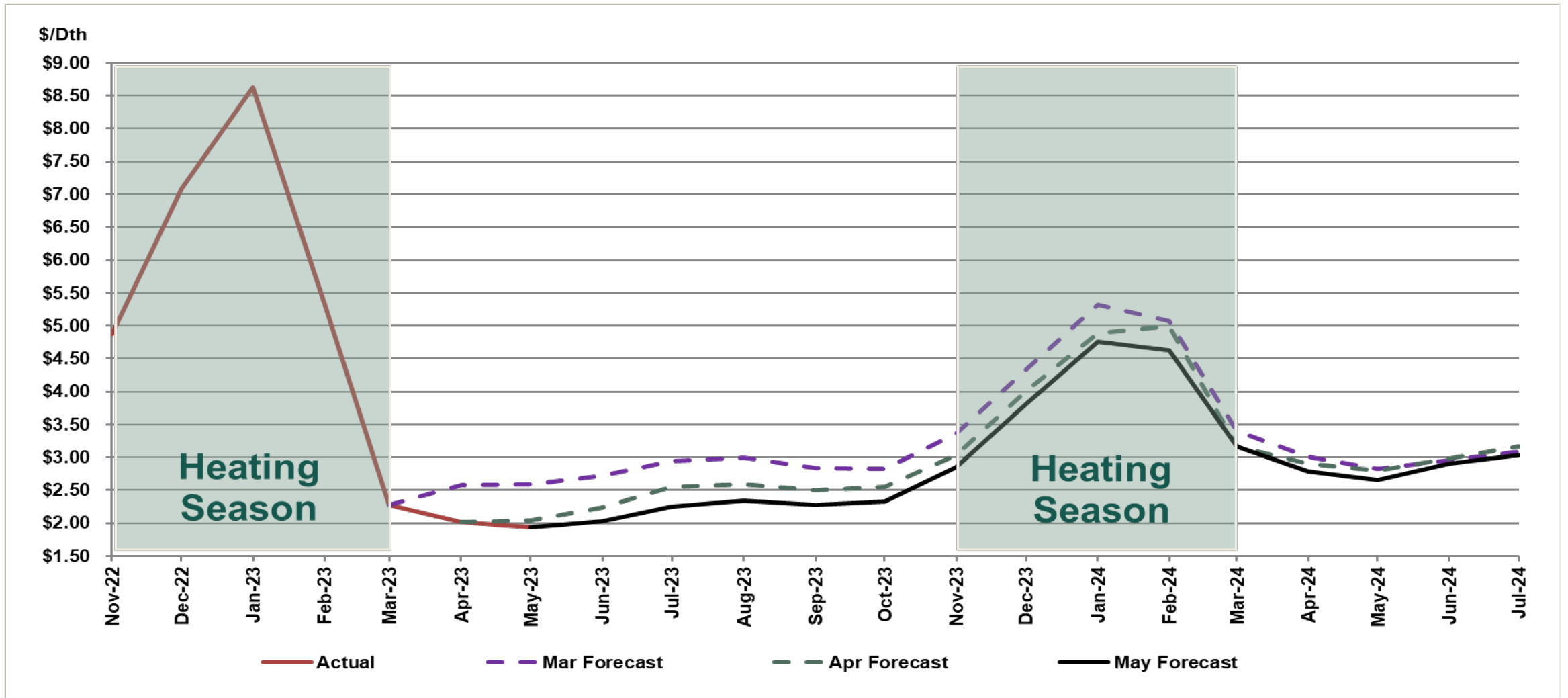
Colorado Springs Utilities  
*It's how we're all connected*

# **Electric Cost Adjustment Gas Cost Adjustment**

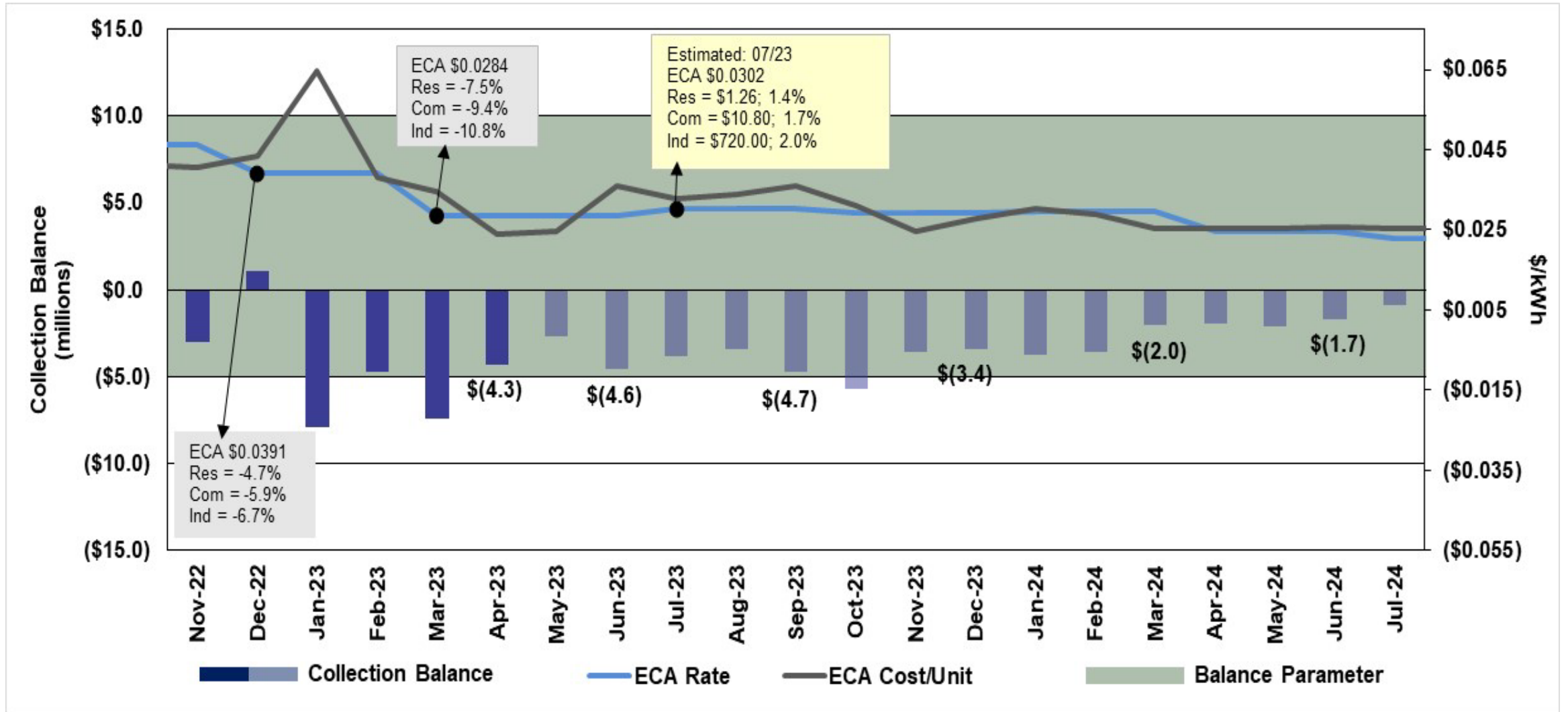
Scott Shirola, Pricing and Rates Manager

May 17, 2023

# Natural Gas Prices as of May 1, 2023

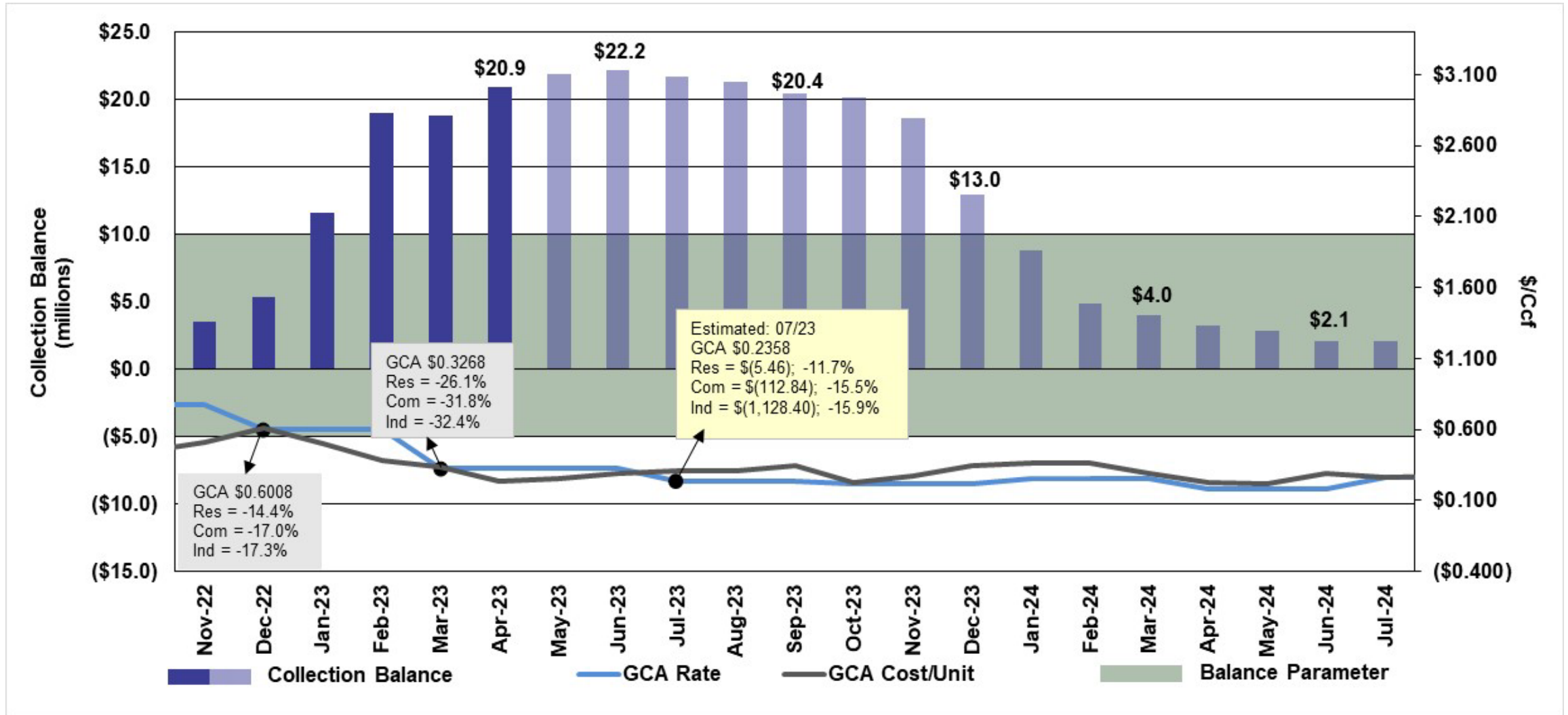


# ECA Projections May 2023





# GCA Projections May 2023





Colorado Springs Utilities<sup>®</sup>

*It's how we're all connected*

# Board Memo Agenda Item

## Staff Report

**Date:** May 17, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Water Service Extension Ordinance & Annexations

### NARRATIVE:

**Desired Action:** Discussion

- Executive Summary:**
- The City of Colorado Springs accepted eight (8) annexation petitions.
  - If approved by City Council, annexations would result in the extension of Springs Utilities water service boundary.
  - Extending water service into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council (City Code 12.4.305.A.).
  - Seven (7) meet the de minimis impact to City's water supply exception.
  - The eighth petition meets the 128% of existing usage plus projected demand and 25% contiguity exception.
  - There has been no previous Utilities Board action for these properties.

**Benefits:** Approval of annexations would support economic development in the City and potentially generate utility revenue for Springs Utilities.

**Board Policy:** Excellence in Governance Policy Manual, I-7

**Cost/Budget:** Costs are expected to be null or de minimis for seven (7) of the annexations. Estimated Springs Utilities' capital costs for the eighth are \$7.0M - \$7.8M.

**Affected Parties:** Annexation property owners and developers, City of Colorado Springs Public Works, El Paso County, citizens of the City and El Paso County, and rate payers.

**Alternatives:** Recommend approval or denial of extension of water service boundary.

<b>Submitter:</b> Bryan English	<b>Email address:</b> benglish@csu.org
<b>Division/ Department:</b> System Planning and Projects (SPP), Customer Utilities Connections	<b>Phone number:</b> 719-668-8119
	<b>Date submitted:</b> April 27, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 7</b>
---	--------------------------	-----	-------------------------------------	----	-------------------



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

# **Water Service Extension Ordinance & Annexations**

May 17, 2023, Utilities Board Meeting

Bryan English, PMP, Development Projects Manager

Customer Utilities Connections

Renee Congdon, Utilities Division Chief

City Attorney's Office

36 of 241

# Agenda

1. Water Service Extension Ordinance
2. Villages at Waterview North
3. T5 Addition No. 1
4. City Rights-of-Way
5. Hope Chapel Addition Nos. 1 and 2
6. Questions

# Water Service Extension Ordinance

- Ordinance No. 23-03 passed February 14, 2023
  - Codified as City Code section 12.4.305
- Requires Utilities Board to recommend and City Council approval to extend water service boundary
- Does not apply to in-City development or areas already receiving City water service
- Approval must be based on substantiated and written record demonstrating one of the following:

# Criteria for Extension per Ordinance

B. 1. 128% of existing water usage\* plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous

- OR -

2. A unique and extraordinary event or circumstance necessitates an extension of water services to serve critical interests of the City; or

- OR -

3. The area is an enclave, or

The area is owned or leased by the City, or

The extension will have a de minimis impact on the overall City's available water supply.

*\*Calculated using a five (5) year rolling average of unrestricted weather normalized usage data*

# Utilities Application of Ordinance Language

B. 1. The City’s available water supply is sufficient to meet at least 128% of existing usage (calculated using a five (5) year rolling average of weather normalized unrestricted usage data)...

Current Reliably Met Demand (RMD) and Existing Usage		
Category	Acre-feet/year	When updated
Reliably Met Demand	95,000	As needed per RMD Update Policy
Existing Usage *	71,200	Yearly as part if IWRP Update

\*5-year rolling average of weather normalized unrestricted water usage (2018 – 2022)

Minimum Water Supply Requirement (MWSR)		
Existing Usage/year	Percentage	MWSR
71,200 AF/year	x 128%	= 91,136 AF/year

Available Water Surplus (AWS)		
RMD (AF/year)	MWSR (AF/year)	AWS (AF/year)
95,000	- 91,136	= 3,864



# Utilities Application of Ordinance Language

B.3. ...or extension of water service to the area will have a de minimis impact on the overall city's available water supply.

## De Minimis Policy

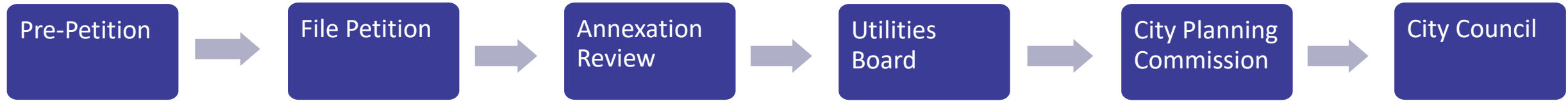
1% of AWS (3,864 AFY x 1% = 39 AFY)

< 39-acre feet/year of water demand when developed

De minimis is something that is very trifling or of little importance. Usually refers to something so small, whether in dollar terms, importance, or severity, that the law will not consider it.

- Intent is to allow for water service to be extended in circumstances that have minimal impact on our water system.
- Will be updated annually based on AWS along with usage data.
- De minimis water demands will be included in running total of approved annexation potential water demand.

# Utilities Board Annexation Process Overview



## Utilities Staff Will Present:

- Four-Service Utilities Considerations Including:
  - Existing Capacity
  - Resource Requirements
  - Financial Considerations
- Compliance with Water Extension Ordinance
  - Substantiation of Applicable Exception
  - Available Water Supply
  - Potential Water Demands of Annexations approved since March 2023

## Utilities Board Will:

- Determine whether to recommend extension of the water service boundary



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

# Villages at Waterview North Annexation

# Property Description

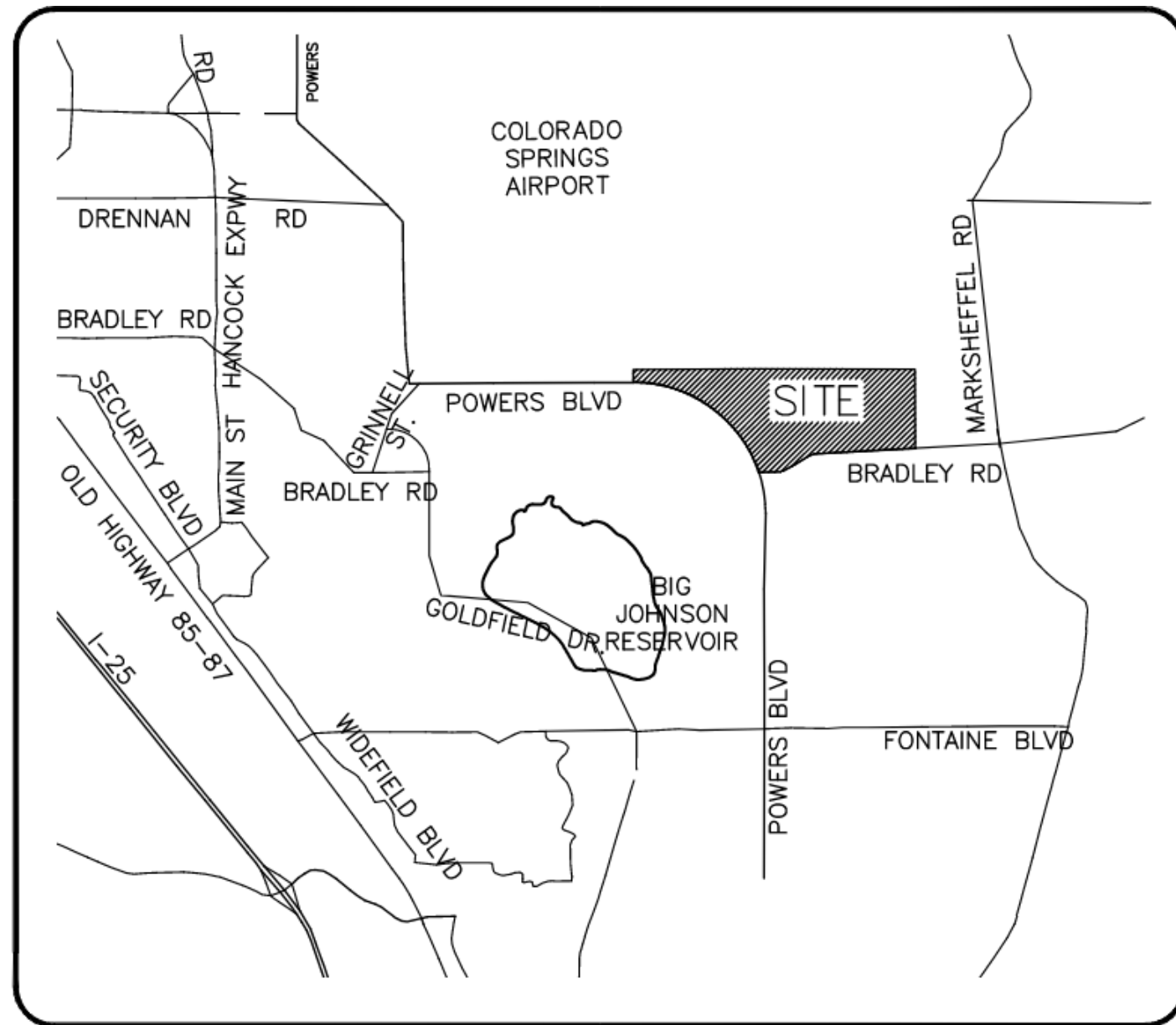
Located at NE corner of Powers Blvd and Bradley Rd

Entire northern property boundary is contiguous with Colorado Springs Airport

Total proposed annexation area is 144.821 acres

Comprised of real property owned by multiple individuals and entities totaling 116.53 acres and portions of Powers Blvd and Bradley Rd rights-of-way totaling 28.291 acres

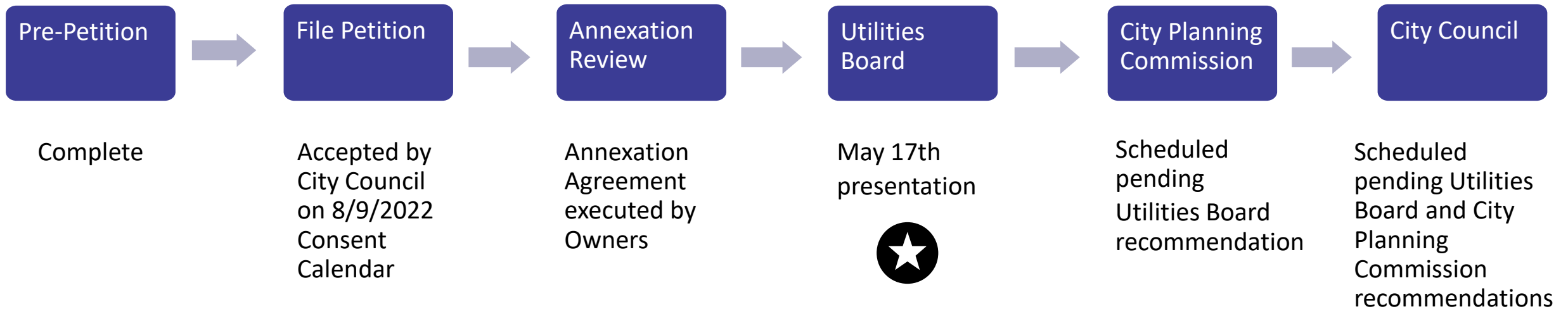
Not located in an enclave of City as defined by State law



# Proposed Development

- Owners/applicants have submitted Master and Concept Plans and zone changes to City Planning for review and approval
- Mix of residential, commercial and open space neighborhood development
- Veterans Victory project part of property/development
  - 15-acre site
  - Attainable housing, employment and services for veterans

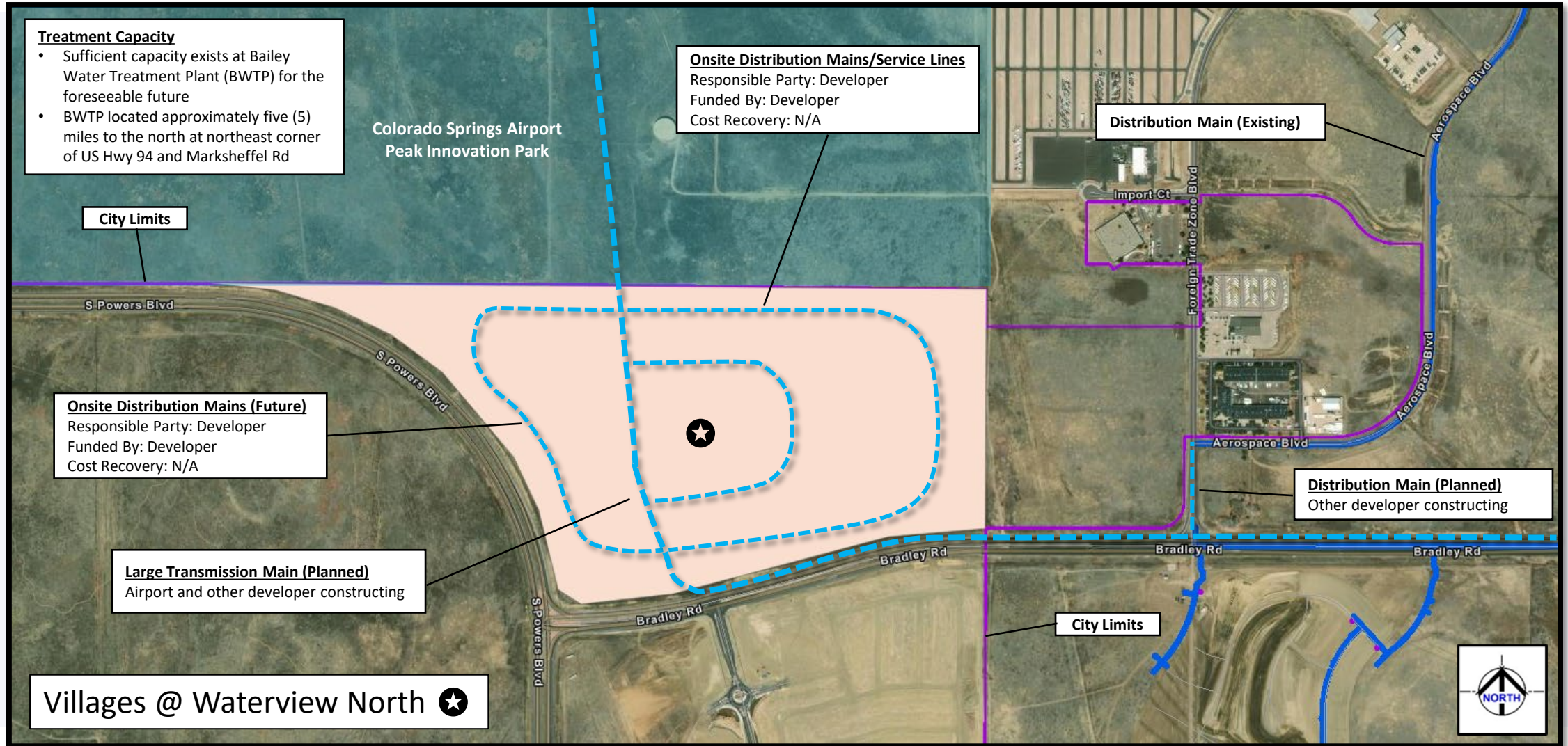
# Annexation Petition Status



# Annexation Agreement

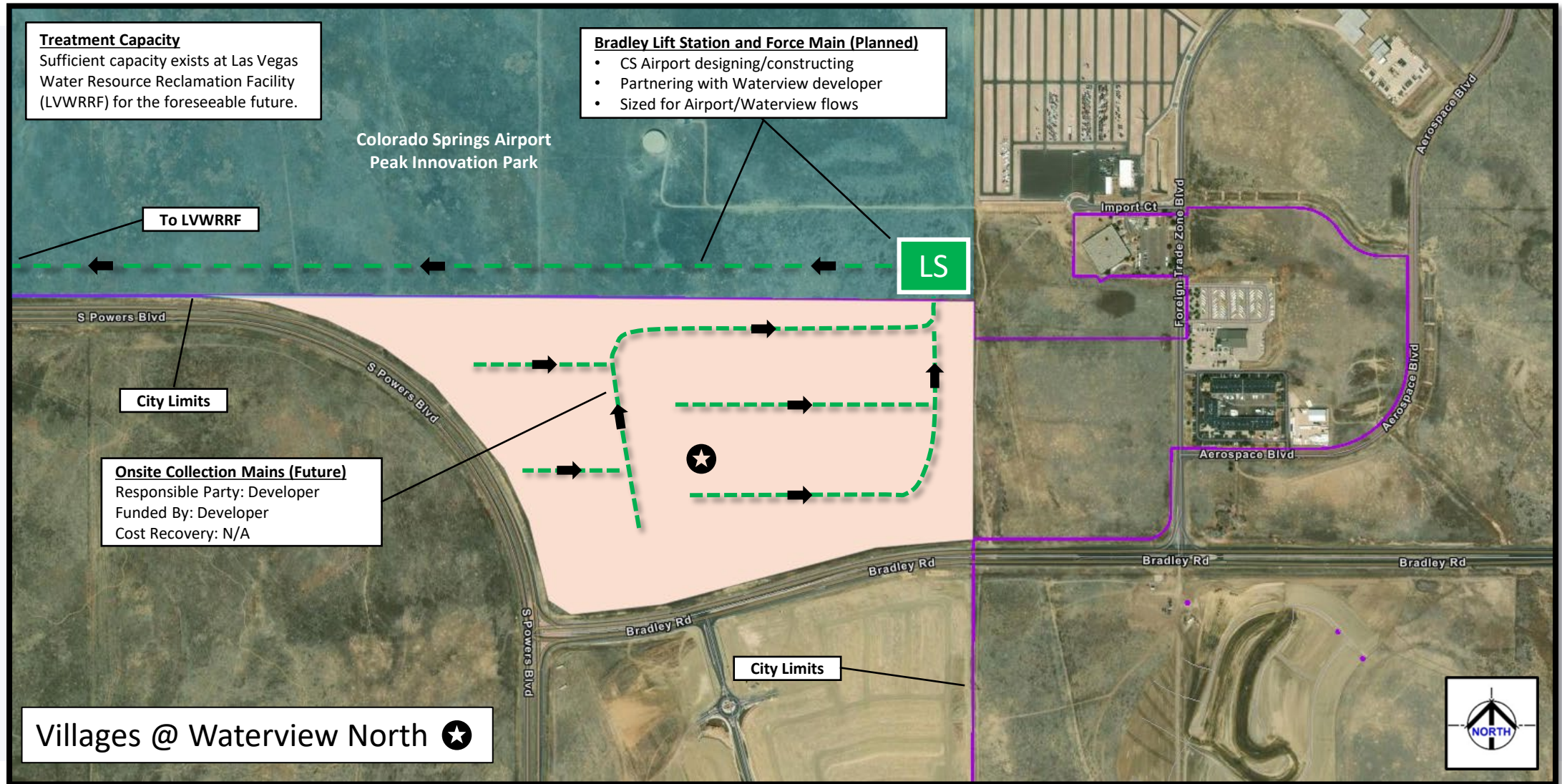
- Standard form agreement with no substantive changes
  - ✓ Southeastern Colorado Water Conservancy District inclusion in process
  - ✓ Deed all groundwater rights to City of Colorado Springs
  - ✓ Typical Springs Utilities' four-service extension policies apply
  - ✓ No Springs Utilities' four-service capacity issues anticipated
  - ✓ Executed by Annexors

# Four-Service Perspective | Water

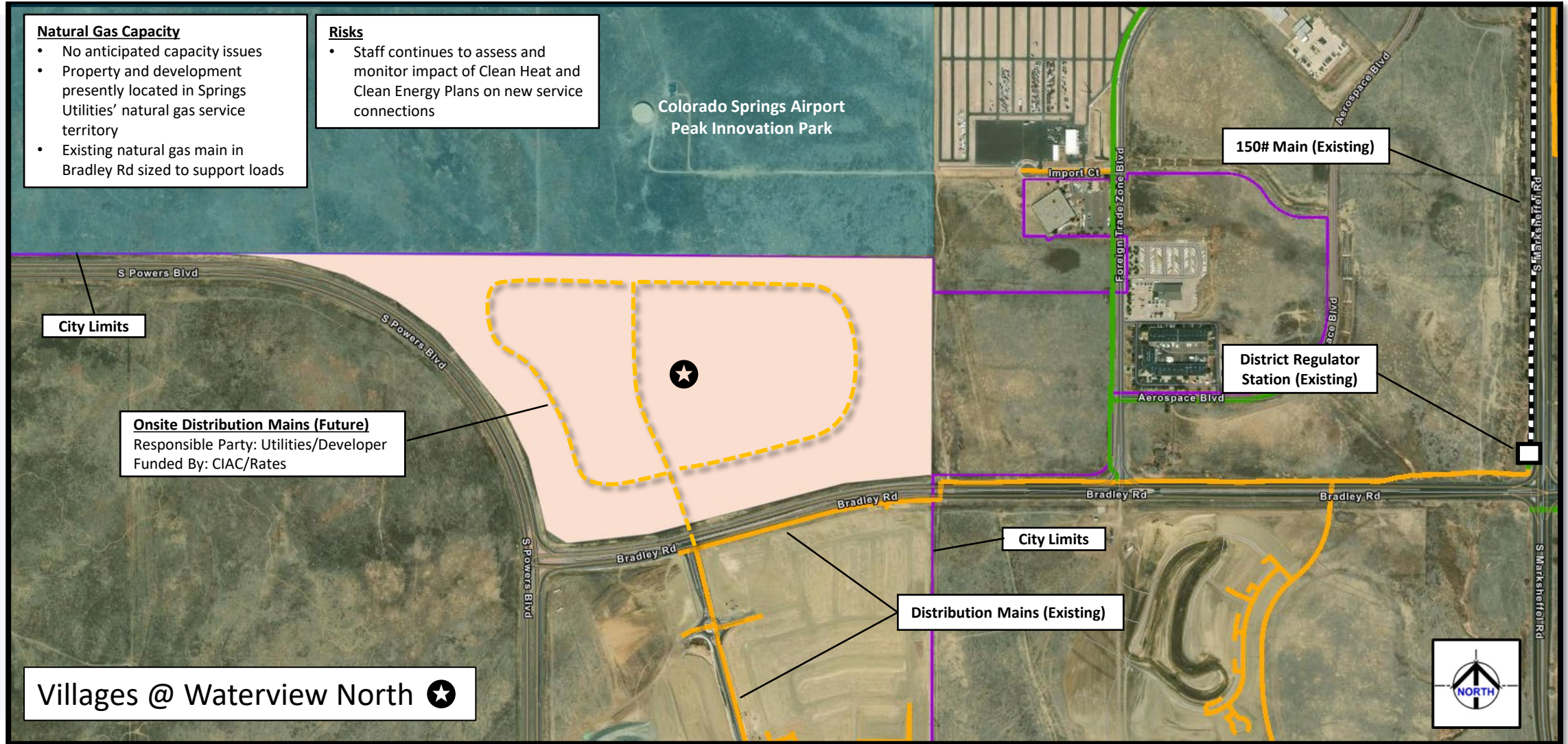




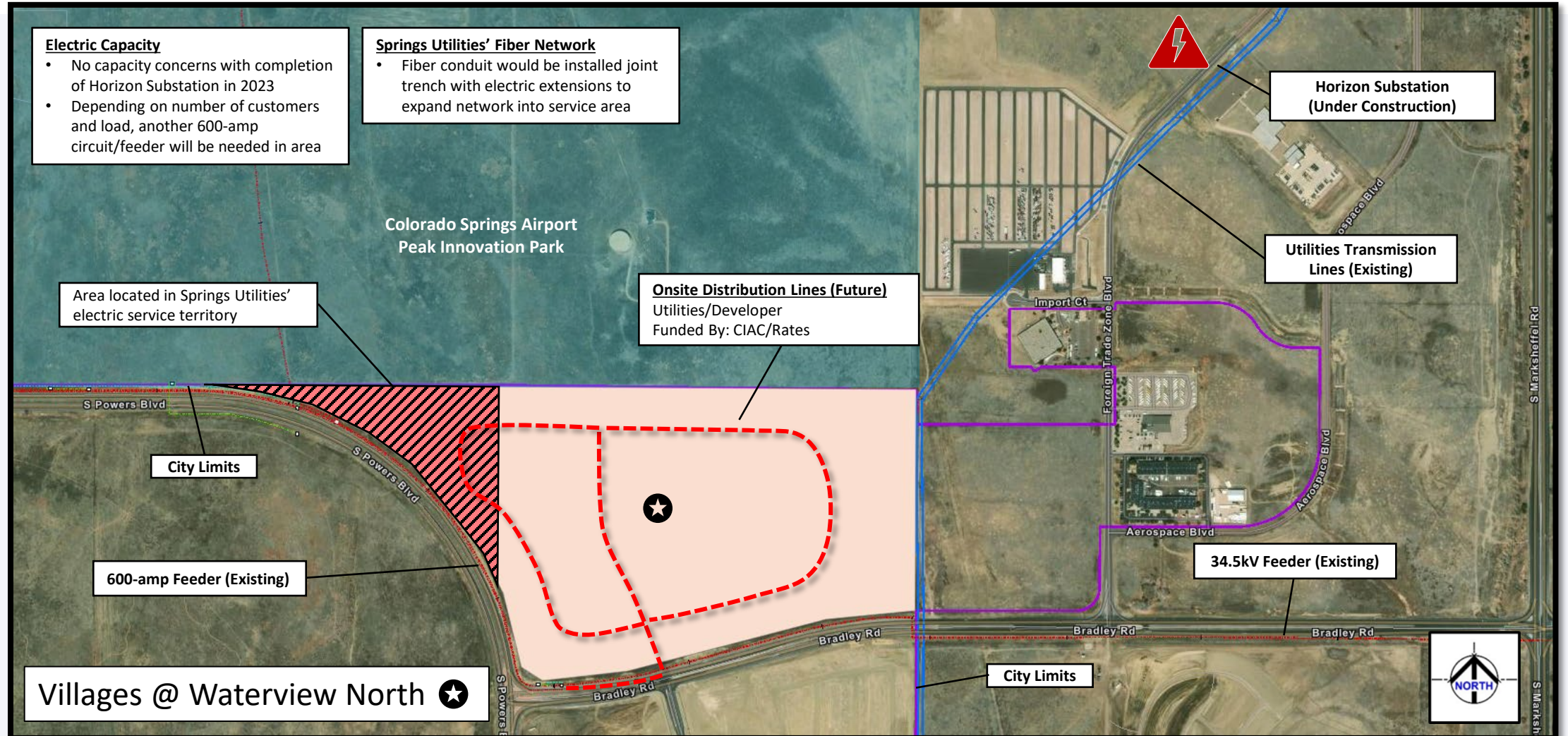
# Four-Service Perspective | Wastewater



# Four-Service Perspective | Natural Gas







# Four-Service Perspective | Electric/Fiber



# Springs Utilities Capital Cost for Capacity

## Villages at Waterview North

 <b>Electric</b>	<b>Estimated Cost<sup>1</sup></b>	<b>Cost Recovery Mechanism</b>
Resource	\$1.1M	Rates
Facilities (Substation)	\$1.3M - \$1.9M	Rates
 <b>Natural Gas<sup>2</sup></b>		
Facilities (Propane Air Plant)	\$294K - \$441K	Rates
 <b>Wastewater</b>		
Existing Facilities/Infrastructure	\$607K	Development Charges
 <b>Water</b>		
Existing Facilities/Infrastructure	\$2.8M	Development Charges
Resource	\$942K	Water Resource Fees
<b>Total</b>	<b>\$7.0M - \$7.8M</b>	
<b>Covered by Rates</b>	<b>\$2.7M - \$3.4M</b>	

<sup>1</sup> Estimated costs are rough order of magnitude and may vary based on external factors, including but not limited to market conditions, material costs and phasing.

<sup>2</sup> Property located inside Springs Utilities' natural gas service territory

# Application of Water Extension Ordinance

- Annexation and extension of City limits would simultaneously extend Springs Utilities' water service boundary
- Estimated water supply for property and development
  - 128 acre-feet/year
- Per City Code 12.4.305.B.1
  - 128% of existing water usage plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous

# Application of Water Extension Ordinance

Current Reliably Met Demand (RMD) and Existing Usage		
Category	Acre-foot/year	When updated
Reliably Met Demand	95,000	As needed per RMD Update Policy
Existing Usage *	71,200	Yearly as part of IWRP Update

\*5-year rolling average of weather normalized unrestricted water usage (2018 – 2022)

## Water Supply:

(Existing Usage + Proposed Demand) x 128% = < Reliably Met Demand

(71,200 AFY + 128 AFY) x 128% = 91,300 AFY

91,300 AFY < 95,000 AFY

## Contiguity:

40% > 25%

Property owner provided surveyed exhibit demonstrating 40% contiguity with existing City limits

# Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council



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

# T5 Annexation

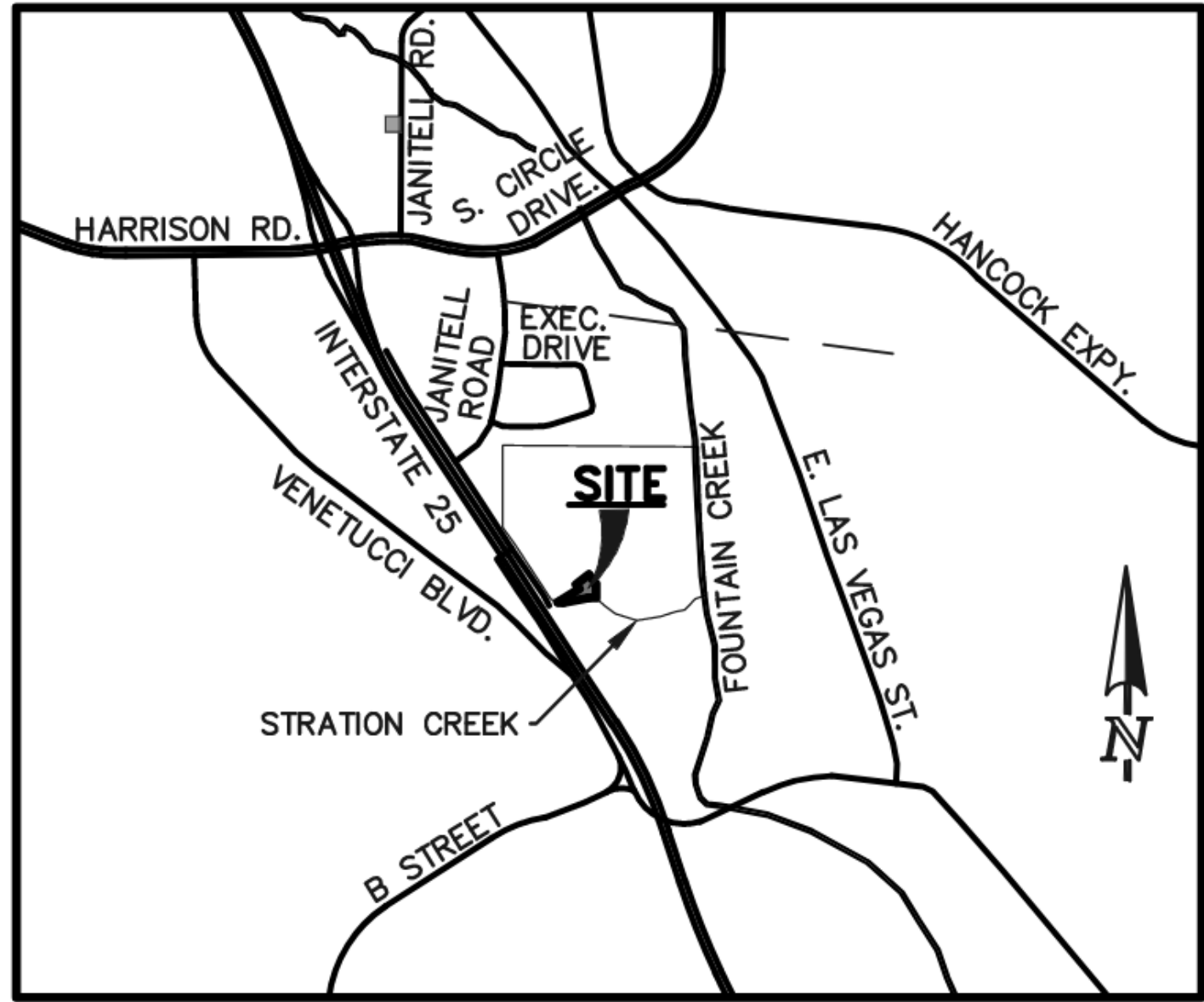


# T5 Addition No. 1

0.46-acre parcel located adjacent to Vineyard Commerce Park (VCP) SE of Circle Drive and I-25 along Janitell Road

Add area to VCP and allow proposed data center building to meet minimum setback requirements

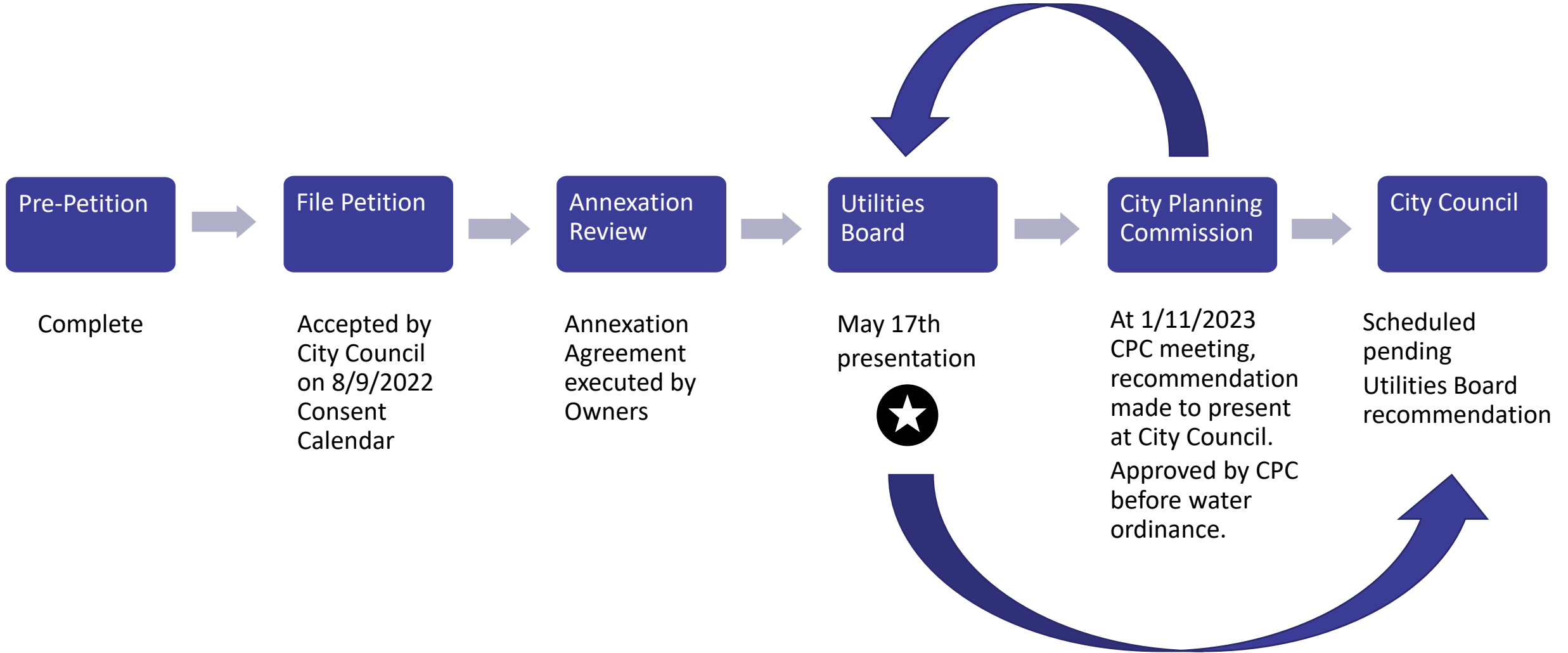
No Springs Utilities' services requested or expected



**VICINITY MAP**

*N.T.S.*

# T5 Annexation Petition Status



# T5 Annexation Agreement

- Standard form agreement with no changes
  - ✓ SE Colorado Water Conservancy District inclusion process completed
  - ✓ Deed all groundwater rights to City of Colorado Springs
  - ✓ Typical Springs Utilities' four-service extension policies apply
  - ✓ Executed by Annexor

# Application of Water Extension Ordinance

- Annexation and extension of City limits would simultaneously extend Springs Utilities' water service boundary
  - No water service needed for property
- Any possible future water service to the property would qualify as de minimis (< 39 acre-feet year) impact to City water supply

# Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council



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

# City Right-of-Way Annexations

# Capital Drive Addition No. 2

6.6301-acre annexation area located NE  
of Constitution Ave and Marksheffel Rd

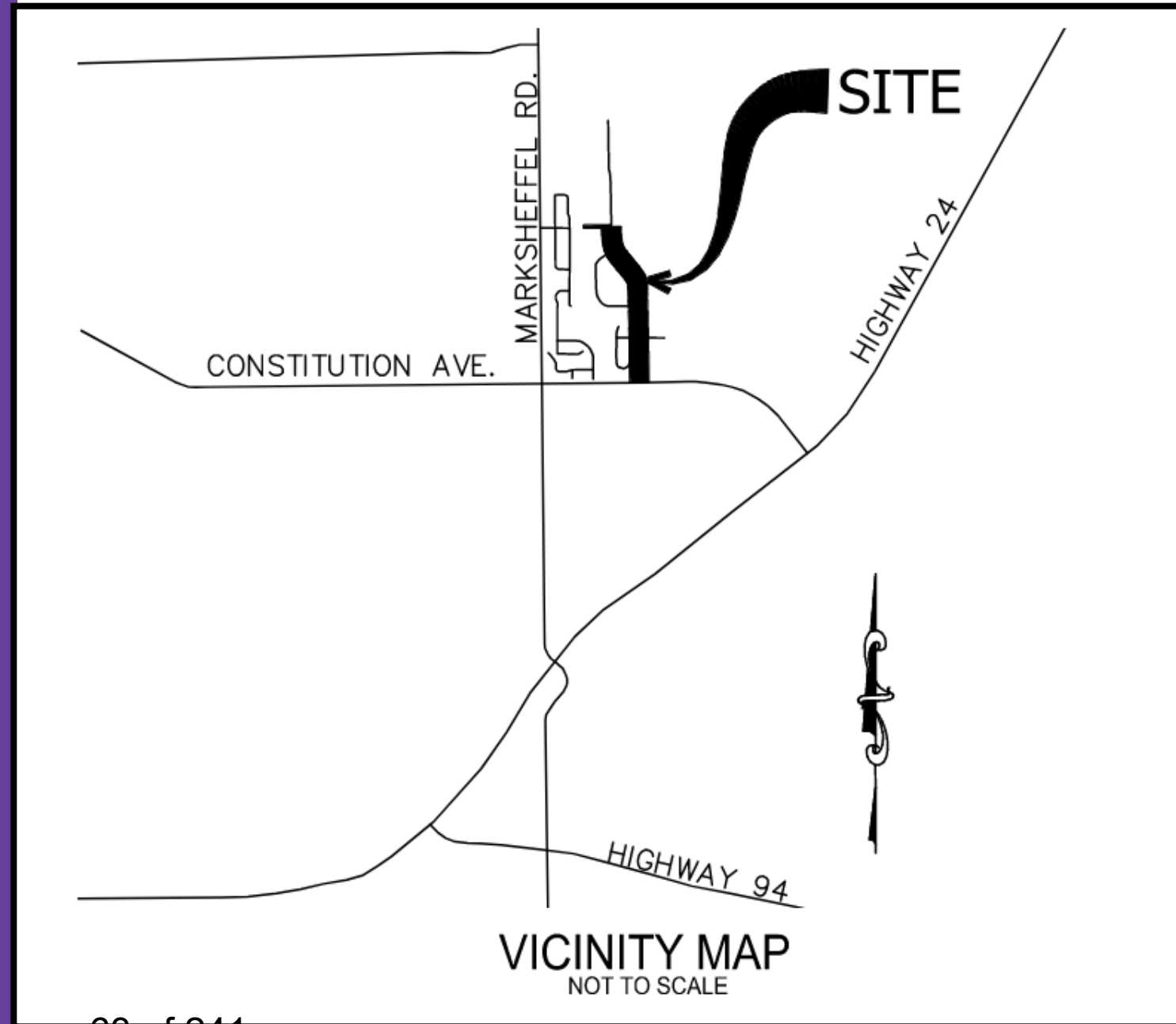
City received quit claim deed from El  
Paso County (EPC) for Capital Dr and  
Genoa Dr rights-of-way (ROW)

N and S end contiguous with City limits

Presently located in Springs Utilities  
natural gas service territory

Existing Springs Utilities streetlights

No other utility services expected



# Capital Drive Addition No. 3

1.0105-acre annexation area located NE  
of Constitution Ave and Marksheffel Rd

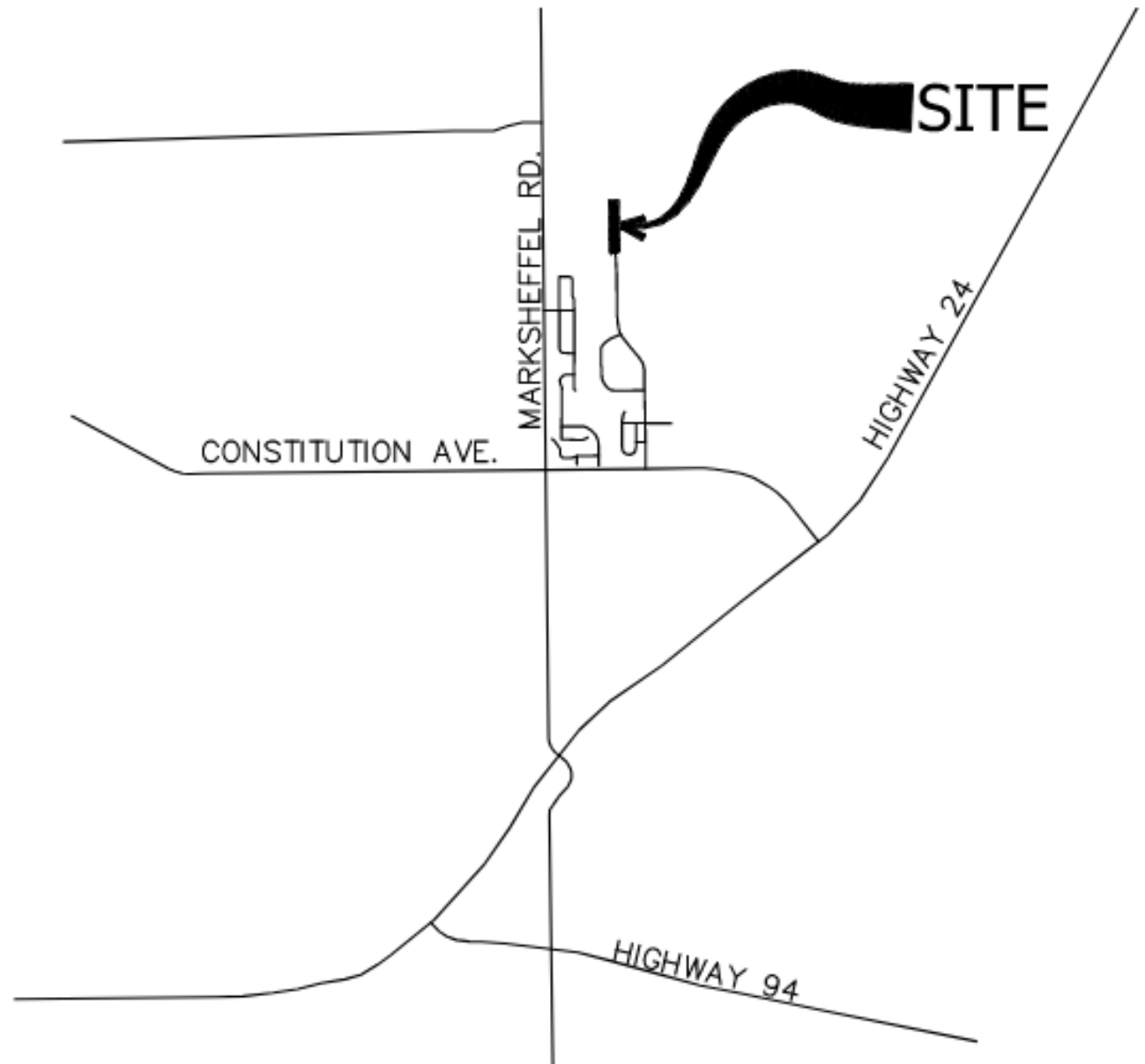
City received quit claim deed from EPC  
for Capital Dr ROW at Industry Rd  
intersection

N and E sides contiguous with City limits

Presently located in Springs Utilities  
electric and natural gas service territories

No existing Springs Utilities' services

No other utility services expected



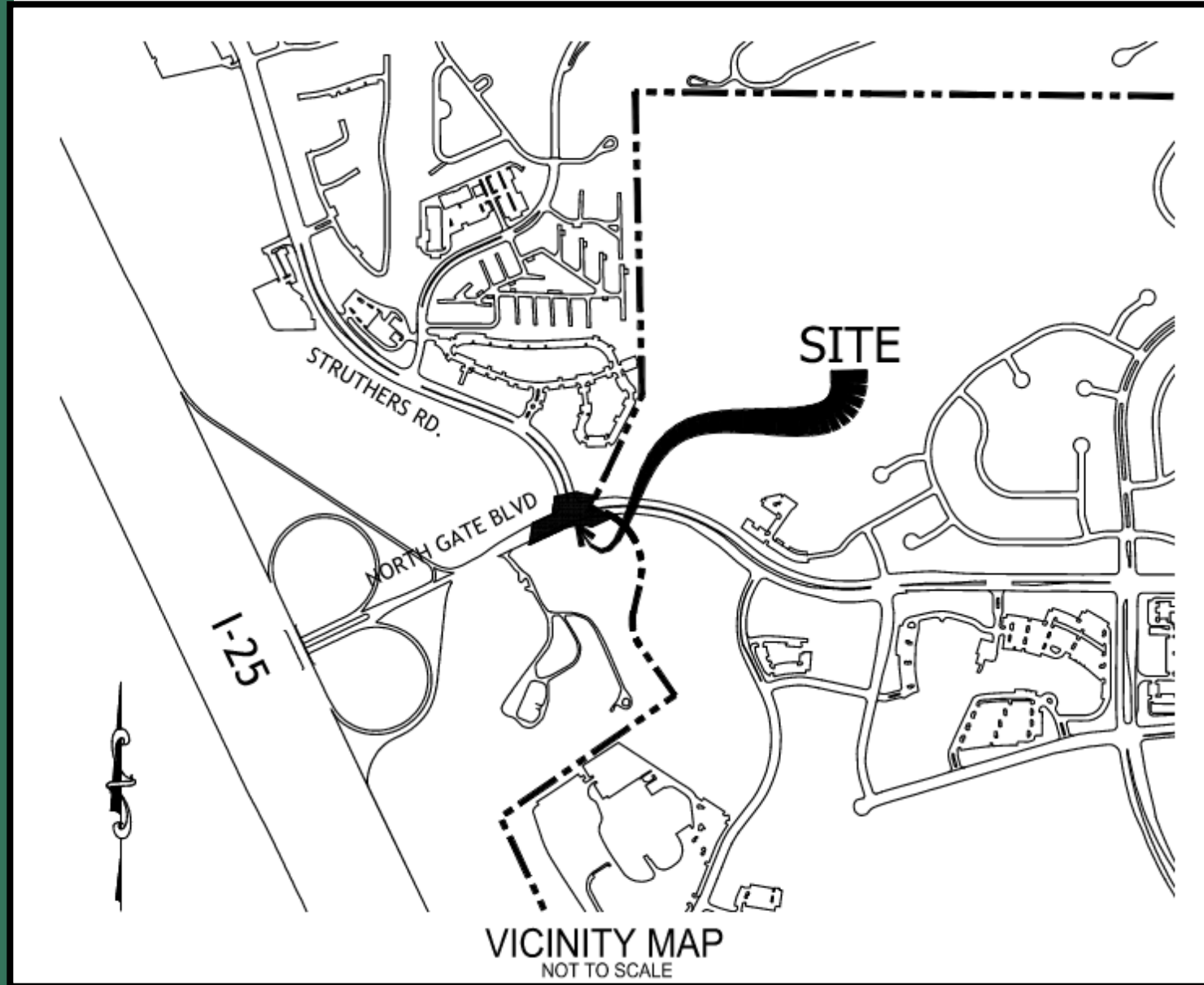


# North Gate Addition Nos. 8 and 9

1.9224-acre serial annexation located at Struthers Rd intersection E of I-25

City received quit claim deed from EPC and is accepting North Gate Blvd ROW in accordance with memo of understanding with EPC related to True North Commons Urban Renewal Plan

Presently located in Springs Utilities natural gas service territory

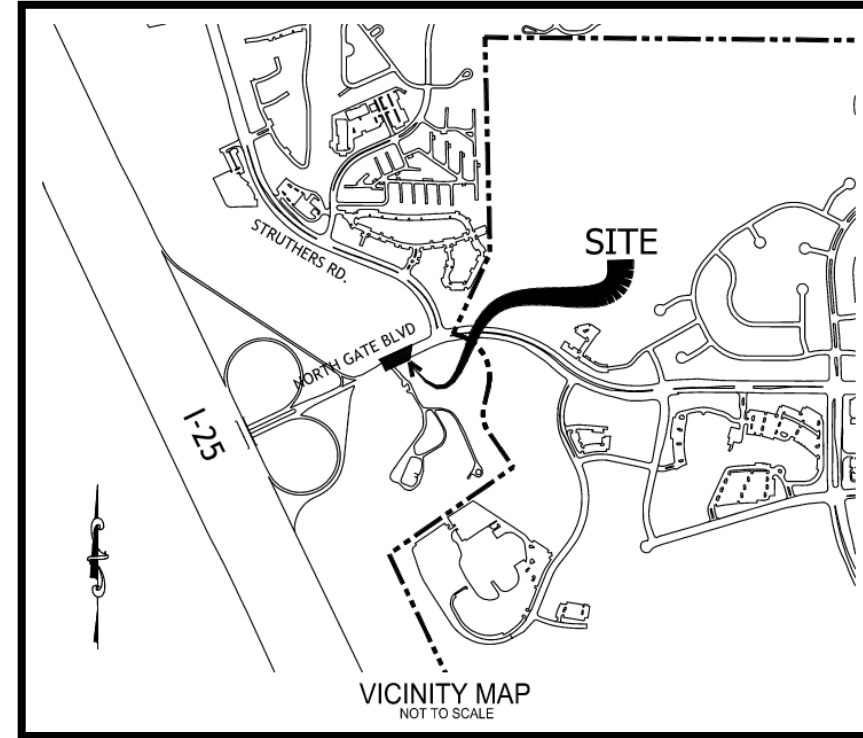


# North Gate Addition Nos. 8 and 9

Existing traffic signal at Struthers Rd  
intersection served by Mountain View  
Electric Association

If annexed, conversion to Springs  
Utilities' electric service required

No other utility services expected



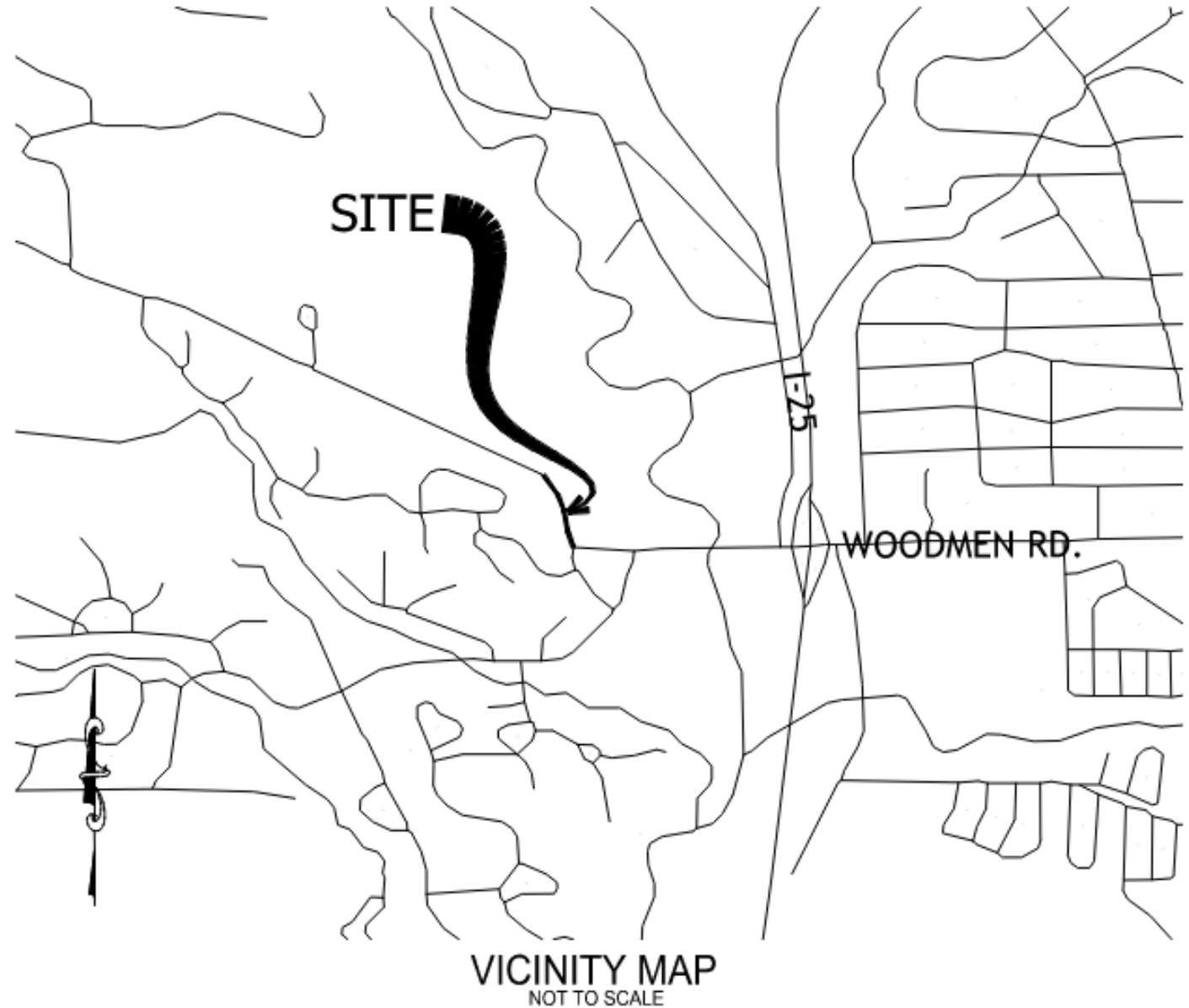
# Woodmen Rd Addition No. 2

1.273-acre annexation

City received quit claim deed from EPC for Capital Dr ROW located at Chapel Ln intersection extending N to current City limits

Presently located in Springs Utilities electric and natural gas service territories

No other utility services expected



# Application of Water Extension Ordinance

- Annexation and extension of City limits would simultaneously extend Springs Utilities' water service boundary
- Any possible future water service to the properties would qualify as de minimis (< 39 acre-feet year) impact to City water supply

# Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council



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

# Hope Chapel Additions No. 1 and 2 Annexations

# Hope Chapel Annexation Property Setting

Hope Chapel of Colorado Springs

Developer-initiated, voluntary, serial annexation of 11-acre property, plus a portion of Old Ranch Rd ROW total area = 14.5 acres

11-acre site north of Old Ranch Rd/Otero intersection

Property currently in unincorporated El Paso Co.

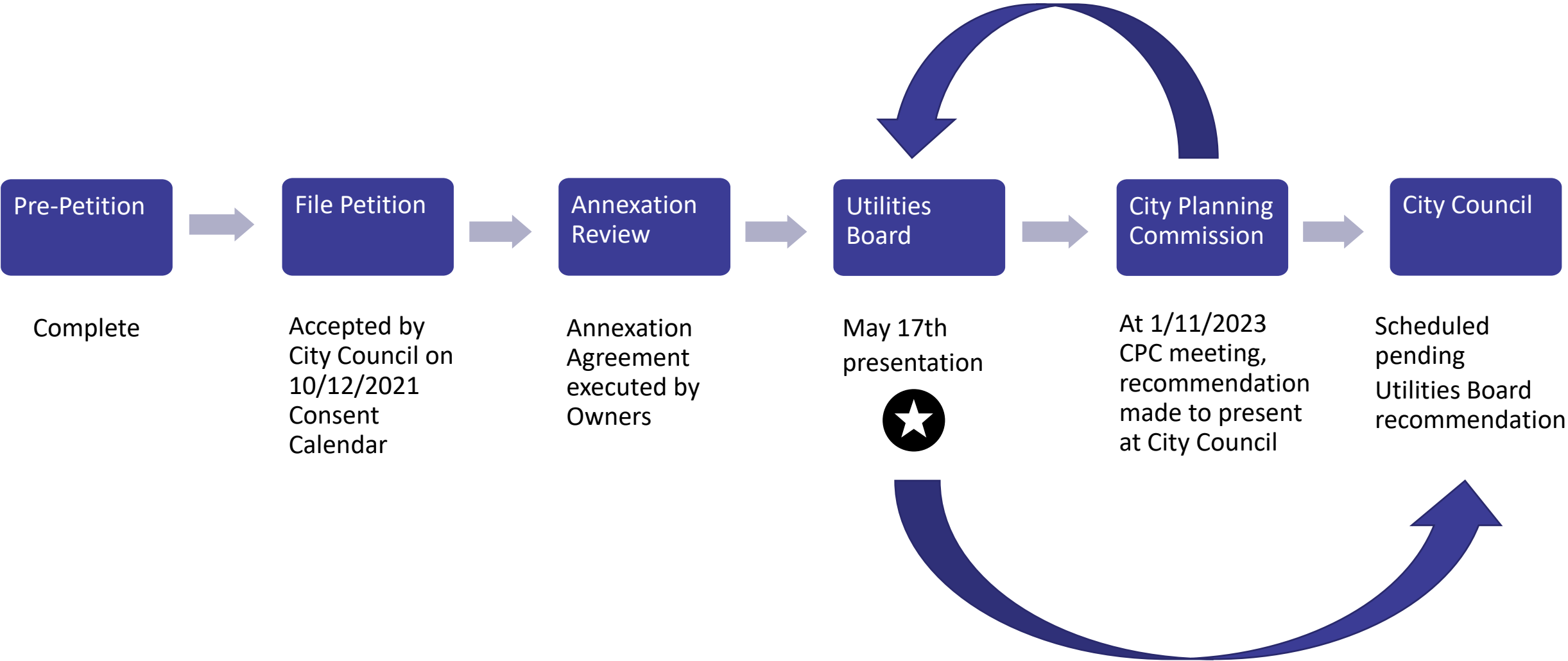
Presently located in Springs Utilities natural gas service territory

One existing single-family home and services to be removed

Property not City enclave (defined by State law)



# Hope Chapel Annexation Petition Status





# Hope Chapel Annexation Agreement

- Standard form agreement with changes to Special Warranty Deed
  - Reviewed and approved by City Attorney's Office – Utilities Division
- ✓ SE Colorado Water Conservancy District inclusion process completed
- ✓ Deed all groundwater rights to City of Colorado Springs
- ✓ Typical Springs Utilities' four-service extension policies apply
- ✓ No capacity issues anticipated with Springs Utilities' four services
- ✓ Remove all utility services for existing single-family residence
- ✓ MVEA electric service conversion to Springs Utilities' electric service
- ✓ Executed by Annexor

# Application of Water Extension Ordinance

- Annexation and extension of City limits would simultaneously extend Springs Utilities' water service boundary
- Estimated water supply for property and development
  - 21 acre-feet/year total for both additions in series
- Any possible future water service to the property would qualify as de minimis (< 39 acre-feet year) impact to City water supply

# Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council

# Questions?



Colorado Springs Utilities<sup>®</sup>

*It's how we're all connected*

# Board Memo Agenda Item

## Staff Report

**Date:** May 17, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Fountain Valley Authority (FCA) Water Treatment Contract

### NARRATIVE:

**Desired Action:** Discussion

**Executive Summary:** Staff will discuss a proposed water treatment contract between the Fountain Valley Authority (FVA) and participating entities including Colorado Springs, City of Fountain, Security Water District, Stratmoor Hill and Widefield Water Districts. FVA was organized for the repayment of the costs of the Fountain Valley conduit, and to construct and operate a water treatment plant for the benefit of the FVA participants. FVA has provided water treatment services to the FVA participants under a Nov. 1, 1979 water treatment contract, which has expired. FVA and the FVA participants have negotiated a new contract for water treatment and delivery of water by FVA. The 2023 contract also allows for reverse flow to FVA from Colorado Springs Utilities' water system in the event of an outage of the water treatment plant. Colorado Springs Utilities intends to seek City Council approval of a resolution approving and authorizing the Chief Executive Officer to execute the 2023 contract at the June 13, 2023 City Council meeting.

**Benefits:** Allows for continued water treatment and delivery services by Fountain Valley Authority for the benefit of the participants.

**Board Policy:** Instructions to the Chief Executive Officer, Water Supply Management (I-7)

**Cost/Budget:** Colorado Springs Utilities will pay the rates established by Fountain Valley Authority for water treatment and delivery under the 2023 contract.

**Affected Parties:** Fountain Valley Authority participants: City of Fountain, Security Water District, Widefield Water District and Stratmoor Hills Water District

**Alternatives:** N/A

**Submitter:** Abby Ortega

**Email address:** ajortega@csu.org

**Division/** System Planning and Projects (SPP)

**Phone number:** 719-668-8748

**Department:** /Infrastructure & Resource Planning

**Date submitted:** April 24, 2023

**SPG Staff Use Only:** Consent Calendar

Yes

**X**

No

**ITEM NO. 8**



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

# **Fountain Valley Authority (FVA) Water Treatment Contract**

Abby Ortega, General Manager  
Infrastructure & Resource Planning

May 17, 2023

# Background

- Fountain Valley Authority was established in 1979 to operate the Fountain Valley Conduit, the Water Treatment Plant and system
- FVA partner entities include Colorado Springs, Fountain, Security, Stratmoor Hills, and Widefield
- The Fountain Valley conduit is owned by the Bureau of Reclamation and operated under a separate contract
- The Water Treatment Plant is operated by the FVA under contract with the participating entities
  - Previously operated under a 1979 contract which has expired



# Terms

- Contract between Fountain Valley Authority members and the Authority
  - Term of contract is 40 years.
  - Will deliver water per terms in Conveyance Contract.
  - Details operation, metering, billing and insurance obligations.
- Allows for delivery through Colorado Springs reverse flow if water treatment plant is down for maintenance with approval.

# Next Steps

- City Council for approval
  - Recommend Consent on June 13





Colorado Springs Utilities<sup>®</sup>

*It's how we're all connected*

RESOLUTION NO. \_\_\_\_-23

A RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO EXECUTE A LONG-TERM WATER TREATMENT CONTRACT BETWEEN THE FOUNTAIN VALLEY AUTHORITY AND THE CITY OF COLORADO SPRINGS, THE CITY OF FOUNTAIN, SECURITY WATER DISTRICT, STRATMOOR HILLS WATER DISTRICT, AND WIDFIELD WATER AND SANITATION DISTRICT

WHEREAS, the City of Colorado Springs (the "City") on behalf of its enterprise Colorado Springs Utilities ("Utilities") is authorized to enter into intergovernmental agreements with other Colorado governmental entities for the provision of any function or service with the approval of the City Council of the City of Colorado Springs ("City Council"); and

WHEREAS, the City of Colorado Springs is a member of the Fountain Valley Authority ("FVA") along with the City of Fountain, Security Water District, Stratmoor Hills Water District, and Widefield Water and Sanitation District (collectively the "FVA Participants"); and

WHEREAS, the FVA was organized as a vehicle for the repayment of the costs for construction and operation and maintenance of the Fountain Valley Conduit ("FVC"), and to construct and operate a water treatment plant to provide treatment for Frying-Pan Arkansas Project water conveyed by the FVC to the FVA Participants; and

WHEREAS, the FVA has constructed and operates, or causes to be operated, a water treatment plant with sufficient capacity to treat the water allocated to the FVC for the purpose of supplying water treatment services to each FVA Participant; and

WHEREAS, the FVA has provided water treatment services to the FVA Participants pursuant to the terms of a November 1, 1979 Water Treatment Contract between the FVA and the FVA Participants ("1979 Water Treatment Contract"); and

WHEREAS, the term of the 1979 Water Treatment Contract has expired and the FVA Participants need to enter into a new contract in order to continue receiving water treatment services from the FVA; and

WHEREAS, each FVA Participant has expressly stated its desire for continued water treatment services from the FVA consistent with the terms of the 1979 Water Treatment Contract; and

WHEREAS, the FVA desires to continue providing water treatment services to the FVA Participants on terms consistent with the 1979 Water Treatment Contract; and

WHEREAS, each Customer desires to purchase, and the FVA desires to sell, water treatment services on terms consistent with the 1979 Water Treatment Contract as expressed by the terms and conditions set forth in a new Water Treatment Contract (“2023 Water Treatment Contract”) between the FVA and the FVA participants; and

WHEREAS, City Council has determined that it is in the best interests of the City and Utilities to enter into the 2023 Water Treatment Contract, attached hereto and incorporated herein.

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

Section 1. City Council finds and determines that the 2023 Water Treatment Contract between the FVA and the FVA Participants attached hereto will benefit the public health, safety and welfare of the surrounding community and is in the best interest of the City.

Section 2. The Chief Executive Officer of Colorado Springs Utilities is authorized and directed to enter into the 2023 Water Treatment Contract between the FVA and the FVA Participants in a form substantially similar to that attached hereto.

Section 3. This Resolution shall take effect as of the date and time of its approval.

Dated at Colorado Springs, Colorado this \_\_\_ day of \_\_\_, 2023.

\_\_\_\_\_  
Council President

ATTEST:

\_\_\_\_\_  
Sarah B. Johnson, City Clerk

WATER TREATMENT CONTRACT  
BETWEEN  
FOUNTAIN VALLEY AUTHORITY  
AND  
CITY OF COLORADO SPRINGS, COLORADO  
SECURITY WATER DISTRICT  
STRATMOOR HILLS WATER DISTRICT  
WIDEFIELD WATER AND SANITATION DISTRICT

Dated: \_\_\_\_\_, 2023

TABLE OF CONTENTS

Section 1: Term of Contract..... 2

Section 2: Definitions. As used herein:..... 2

Section 3: Delivery of Water to Authority..... 4

Section 4: Purchase of Water Treatment; Delivery of Treated Water. .... 4

Section 5: Annual Plant Budget..... 5

Section 6: Rates and Charges..... 6

Section 7: Billing for Water Treatment; Meter Reading..... 6

Section 8: Meter Testing and Billing Adjustment. .... 6

Section 9: Payments to Constitute Operation Expenses of Customer System..... 7

Section 10: Customer Rate Covenant. .... 7

Section 11: Covenants of the Authority..... 7

Section 12: Payment to be Sufficient for Debt Service; Operation and Maintenance Expenses. 8

Section 13: Default..... 9

Section 14: Allocation of Defaulting Customers' Water Entitlement. .... 9

Section 15: Payment Due Dates and Delinquency..... 10

Section 16: Continuation of Services..... 10

Section 17: Customer Not to Sell Its Water System. .... 10

Section 18: Force Majeure. .... 11

Section 19: Insurance..... 11

Section 20: Reports..... 12

Section 21: Records and Accounts..... 12

Section 22: Access..... 12

Section 23: Governmental Rates, Regulations and Laws..... 12

Section 24: Easements..... 13

Section 25: Notices..... 14

Section 26: Severability..... 15

Section 27: Contracts to be Separate..... 15

WATER TREATMENT CONTRACT  
BETWEEN  
FOUNTAIN VALLEY AUTHORITY  
AND  
CITY OF COLORADO SPRINGS, COLORADO  
CITY OF FOUNTAIN, COLORADO  
SECURITY WATER DISTRICT  
STRATMOOR HILLS WATER DISTRICT  
WIDEFIELD WATER AND SANITATION DISTRICT

This Contract, made and entered into as of the \_\_\_ day of \_\_\_\_\_, 2023, by and between Fountain Valley Authority, a political subdivision of the State of Colorado (the “Authority”), and the City of Colorado Springs, Colorado on behalf of its enterprise Colorado Springs Utilities, and the City of Fountain, Colorado, each of which cities is a municipal corporation of the State of Colorado and a home rule city, and Security Water District acting by and through its water activity enterprise, Stratmoor Hills Water District, and Widefield Water and Sanitation District, each of which districts is a public corporation being herein collectively called “Customers” or individually, “Customer”). Where applicable, the Authority and the Customers may be referred to collectively as “Parties” or individually as “Party”.

WITNESSETH

WHEREAS, each of the Customers is entitled to a portion of the Fryingpan-Arkansas water allocated to the Fountain Valley Conduit (as defined below) by the Southeastern Colorado Water Conservancy District; and

WHEREAS, the water delivered to the Fountain Valley Conduit requires treatment to be potable and fit for municipal and domestic uses; and

WHEREAS, each Customer has need for an economical, reliable source of water treatment to meet the existing and growing demands of its customers and has determined to purchase such water treatment from the Authority; and

WHEREAS, the Authority has constructed and operates, or causes to be operated, a water treatment plant with sufficient capacity to treat the water allocated to the Fountain Valley Conduit for the purpose of supplying water treatment to each Customer; and

WHEREAS, the Customers and the Authority were parties to a November 1, 1979, Water Treatment Contract for the purpose of supplying water treatment to the Customers, which Contract expired on November 1, 2019; and



WHEREAS, pursuant to Section 17 of the November 1, 1979, Water Treatment Contract each Customer has expressly stated its desire for continued water treatment services from the Authority consistent with the terms of the November 1, 1979, Water Treatment Contract; and

WHEREAS, the Authority desires to continue providing water treatment services to the Customers on terms consistent with the November 1, 1979, Water Treatment Contract; and

WHEREAS, each Customer desires to purchase, and the Authority desires to sell, water treatment on terms consistent with the November 1, 1979, Water Treatment Contract as expressed by the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the Authority and each Customer agree as follows:

**Section 1: Term of Contract.**

This Contract shall become effective upon the date set forth above, after execution by each of the Customers and the Authority. Subject to the provisions of Section 16: hereof, this Contract shall remain in effect for a period of forty (40) years from the date hereof unless otherwise terminated or extended in writing executed by each Party or their successors.

**Section 2: Definitions.** As used herein:

(a) "Act" shall mean Title 29, Article 1, Part 2, Colorado Revised Statutes, 1973, as amended.

(b) "Authority" shall mean the Fountain Valley Authority as created and established (pursuant to the Act) by an Establishing Contract executed by and on behalf of each of the Customers.

(c) "Annual Plant Budget" shall mean, with respect to a Contract Year, the budget of the Authority prepared in accordance with Section 5 hereof for such Contract Year, or, in the case of an amended Annual Plant Budget, for the remainder of such Contract Year.

(d) "Annual Plant Costs" shall mean, with respect to a Contract Year, and to the extent not paid or to be paid from the proceeds of Bonds or other funds legally available to the Authority (other than payments by the Customers hereunder), all costs and expenses of the Authority that are paid or incurred during such Contract Year and are allocable to the Plant, including, but not limited to the payment of the Operation and Maintenance Expenses of the Plant, all costs, charges, and expenses of replacements and renewals of the Plant and all taxes, assessments or other governmental charges lawfully imposed on the Authority or on the revenues of the Plant or payments in lieu thereof, and the deposit or payment of any and all amounts which the Authority may now or hereafter become obligated to deposit into any fund or to pay from revenues of the Plant, by law or contract.

(e) "Bonds" shall mean all bonds issued by the Authority.

(f) "Contract Year" shall mean the fiscal year of the Authority.

(g) “Conveyance Service Contract” shall mean the Contract between the United States and the District for Conveyance Service from the Fountain Valley Conduit (Contract No. 9-07-70-W0315 of the United States Department of the Interior Bureau of Reclamation) made July 10, 1979, as amended, renewed, and supplemented from time to time.

(h) “Conveyance Service Subcontract” shall mean the Subcontract between the District, each of the Customers and the Authority for Conveyance Service from the Fountain Valley Conduit, made July 10, 1979, as amended, renewed, or supplemented from time to time.

(i) “Debt Service” or “Debt Service Requirements” shall mean, with respect to any period, the aggregate of the amounts of principal, interest and redemption premium, if any, required to be paid from revenues of the Authority on any Obligations outstanding as the same shall become due.

(j) “District” shall mean the Southeastern Colorado Water Conservancy District, a political subdivision of the State of Colorado, and any successor thereto.

(k) “Metering Points” shall mean the points on the Fountain Valley Conduit at which Treated Water is made available to a Customer from the Fountain Valley Conduit.

(l) “Obligations” shall mean Bonds, notes, or other evidence of indebtedness of the Authority.

(m) “Operation and Maintenance Expenses” shall mean all expenses incurred in the operation and maintenance of the Plant and normally recurring expenses incurred by the Authority in the conduct of its activities related to water treatment that are properly accounted for such purpose under generally accepted accounting principles as applied to governmental units; provided that such term shall not include any costs assessed under the Conveyance Service Subcontract. Such term does not include depreciation or obsolescence charges or reserves therefor, interest charges and charges for the payment of principal, or amortization, of Bonds or other Obligations of the Authority or required deposits into any reserves therefor.

(n) “Participation” shall mean for each of the Customers the following acre feet and corresponding percentages:

	<u>Acre Feet</u> <u>Per Year</u>	<u>Stated as a</u> <u>Percentage</u>
1. Colorado Springs	14,353	71.41%
2. Fountain	2,000	9.95
3. Stratmoor Hills Water District	601	2.99
4. Security Water District	1,646	8.19
5. Widefield Water and Sanitation District	1,500	7.46

(o) “Plant” shall mean only the water treatment facility operated by the Authority on the Fountain Valley Conduit (as defined in the Conveyance Service Contract).

(p) “Treated Water” shall mean water that shall comply with all applicable Federal and State regulations for drinking water served to the public.

(q) “Variable Costs” shall mean the total costs in any calendar month of chemicals and other materials used in Water Treatment plus the costs of electricity directly related to Water Treatment, but excluding electricity costs related to maintaining the Plant in operational condition.

(r) “Water Treatment” shall mean such treatment of water as is required to convert it to Treated Water.

(s) “Water Treatment Availability Charge” shall be the charge to each Customer for the right to receive Water Treatment at the Plant, calculated as provided in paragraph (a) of Section 6 hereof.

**Section 3: Delivery of Water to Authority.**

The water to be treated for each Customer by the Authority at the Plant will be the water delivered to each Customer pursuant to the Conveyance Service Contract and Conveyance Service Subcontract through the Fountain Valley Conduit (as defined in the Conveyance Service Contract). Each Customer agrees to take all actions necessary under the Conveyance Service Contract and Conveyance Service Subcontract to cause delivery to the Plant of all water conveyed through the Fountain Valley Conduit. In order to assure such delivery, the Authority shall collect “conveyance service charges” (as defined in the Conveyance Service Contract) from each of the Customers and shall transfer all such charges collected to the District, as provided in the Conveyance Service Contract.

**Section 4: Purchase of Water Treatment; Delivery of Treated Water.**

(a) Each Customer agrees to purchase from the Authority the right to have Water Treatment for any water delivered to the Plant on its behalf pursuant to the Conveyance Service Subcontract by making the payments under Sections 7 and 12 hereof.

(b) In the event that the Authority is not able to supply all Treated Water requested under this Contract, it shall allocate Plant daily capacity among the Customers requesting Treated Water for such day pro rata in accordance with their respective Participation unless such Customers agree to a different allocation.

(c) The Authority shall deliver to a Customer upon request any Treated Water to which such Customer is entitled by returning it to the Fountain Valley Conduit at the Plant. The Authority shall have no obligation hereunder to deliver Treated Water to the Metering Point for a Customer.

(d) Each Customer shall make and pay for all connections between its facilities and its Metering Point. Each Customer shall install, own and maintain any necessary substation equipment at the Metering Points. In the event that the Metering Points are not on the Customer’s water system, each Customer shall arrange and pay for transmission of Treated Water delivered under this Contract to its system, including the installation and maintenance of any facilities required for it to receive such Treated Water into its system.

(e) For purposes of billing pursuant to the last sentence of Section 7 hereof, metering equipment shall be furnished, installed and maintained by the Authority at each Metering Point;

provided that the Authority's obligation to install such meters shall be satisfied to the extent that the United States provides such meters at the Metering Points.

(f) The Authority may allocate daily capacity among the Customers requesting Treated Water for such day upon agreement of the Customers involved.

**Section 5: Annual Plant Budget.**

(a) The Authority shall prepare or cause to be prepared an Annual Budget for the ensuing Contract Year that shall itemize estimates of Annual Plant Costs and all revenues, income or other funds to be applied to such Annual Plan Costs for and applicable to such Contract Year. Such Annual Plan Budget shall also utilize and take into account forecasts, which shall be furnished by each Customer to the Authority of the monthly Treated Water requirements estimated to be obtained from the Authority during such Contract Year. The Authority and each Customer shall provide such Annual Budget and the forecasts to the other Parties in a timely fashion, and the Authority and each Customer shall provide comments to the same, if any, in a manner and at a time that will allow the Customers and the Authority to comply with applicable budget laws.

(b) After consideration of any comments of the Customers, the Authority, prior to the beginning of such ensuing Contract Year, shall adopt an Annual Plant Budget for such Contract Year and the rates and charges for Water Treatment to be furnished and the services to be performed during such Contract Year and shall cause copies of such Annual Plant Budget and rates and charges to be promptly delivered to the Customers. The Authority prepared and adopted an Annual Plant Budget for the current Contract Year (2023) in accordance with the terms of the 1979 Water Treatment Contract and the Parties agree that such budget shall be considered to be the Annual Budget for the current Contract Year under this Agreement.

(c) If, at any time or from time to time after the adoption of the Annual Plant Budget in accordance with Subsection (b) of this Section 5, the Authority estimates that the actual Annual Plant Costs or revenues for the Contract Year or any part thereof from which such Annual Plant Budget applies will be greater or less than the Annual Plant Costs or revenues set forth in the Annual Plant Budget, or that the amount of Treated Water that the Authority expects to deliver during such Contract Year or any part thereof is greater or less than the amount of Treated Water that the Authority estimated at the time of adoption of the Annual Plant Budget would have been delivered during such Contract Year, then the Authority may prepare an amended Annual Plant Budget. The amended Annual Plant Budget shall be timely adopted by the Authority and promptly transmitted to the Customers.

(d) In the event an Annual Plant Budget for the ensuing Contract Year has not been adopted on or before the first day of the Contract Year, the total amount budgeted for the preceding Contract Year shall be the total amount of the temporary budget for such purposes for the ensuing Contract Year. Such temporary budget shall be effective only until such time as a permanent budget has been finally adopted and approved.

(e) The Treasurer of the Authority shall be responsible for the allocation for expenditure of the total amount of the temporary budget until a permanent budget is adopted and approved.

**Section 6: Rates and Charges.**

(a) The Water Treatment Availability Charges of the Authority to the Customers for the right to receive Water Treatment shall be:

(1) non-discriminatory, and

(2) fair and reasonable, and

(3) adequate (after taking into consideration other moneys received or anticipated to be received) in each Contract Year to pay or make provision for paying Annual Plant Costs (other than Variable Costs).

(b) The rates and charges of the Authority shall be adequate to provide revenues that, after payment of current Operation and Maintenance Expenses, will equal 120% of each Contract Year's Debt Service on Bonds, if any, and after taking into account amounts on deposit in the operating and maintenance expense reserve fund required by any applicable bond resolution.

(c) When the Board of Directors of the Authority proposes to establish a new rate or charge (other than in connection with an Annual Plant Budget), it shall give each Customer written notice that it proposes to establish a new rate or charge for Water Treatment or for related services setting forth such charge and the detailed basis upon which it was calculated not less than 30 days from the mailing of the notice to each Customer, with all such notices to be mailed simultaneously.

**Section 7: Billing for Water Treatment; Meter Reading.**

The Authority shall bill each Customer for Water Treatment Availability Charges on or before the 25th day of each month, in proportion to such Customer's Participation (stated as a percentage). In addition, the Authority shall monthly read meters or cause meters to be read at the Metering Points and shall bill (not later than the 25th day of each month) each Customer that received Treated Water during the previous month for its share of Variable Costs incurred during such month, which charge shall be not less than the product of the total Variable Costs for such month times the Treated Water delivered by the Authority to the Customer over the total Treated Water delivered by the Authority to all Customers during such month plus any amount necessary to comply with the provisions of paragraph (b) of Section 6.

**Section 8: Meter Testing and Billing Adjustment.**

The Authority shall test and calibrate the Customers' meters or cause the meters to be tested and calibrated by comparison with accurate standards at intervals of twelve (12) months, or such other intervals as the parties agree, and all tests shall be in accordance with manufacturer's specifications. The Authority shall also make or cause to be made special meter tests at any time at a Customer's request. The costs of all tests shall be borne by the Authority, provided, however, that if any special meter test made at a Customer's request demonstrates that the meters are recording accurately, the requesting Customer shall reimburse the Authority for the cost of such test. The readings on any meter that have been demonstrated by a test to be inaccurate shall be corrected from the beginning of the monthly billing period immediately preceding the billing period during which the tests are made in accordance with the percentage of inaccuracy found by

such test, provided, that no correction shall be made for a longer period unless the Authority and the Customer involved mutually agree thereto. Should any meter fail to register, the Treated Water delivered during such period of failure shall for billing purposes be estimated by the Authority and the Customer from the best information available. The Authority shall notify the Customer or cause the Customer to be notified in advance of the time of any meter reading or test so that the Customer's representative may be present at such meter reading or test.

**Section 9: Payments to Constitute Operation Expenses of Customer System.**

Each Customer's obligation to make the payments under this Contract shall constitute, and shall be treated for all purposes by each Customer as, to the extent permitted by law, an operating expense of its water system or of its combined utility of which the furnishing of water service is a part and prior to its obligation to make payments for any bonds or other securities issued by the Customer and payable from revenues of such water system or combined utility. The obligation of each Customer to make payments hereunder shall be limited to monies derived from such Customer's operation of its water system or combined utility.

**Section 10: Customer Rate Covenant.**

Each Customer shall establish, maintain and collect reasonable rates and charges for the water service of its water system or combined utility that shall produce revenues at least sufficient, together with other revenues legally available to such Customer to enable it to pay the Authority, when due (monthly or otherwise), all amounts payable by such Customer under this Contract and under the Conveyance Service Subcontract.

**Section 11: Covenants of the Authority; Covenant of Colorado Springs.**

(a) The Authority shall use reasonable diligence to provide Water Treatment hereunder. If operation of the Plant shall be interrupted, or become defective by reason of force majeure, the Authority shall not be liable therefor or for damages caused thereby.

(b) The Authority shall diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and provisions of this Contract. The Authority shall not amend this Contract without first having secured the prior written consent of all Customers, but no amendment shall be made in Section 12 of this Contract, except as permitted in any applicable bond resolution.

(c) The Authority covenants and agrees that it will operate, maintain and manage the Plant or cause the same to be operated, maintained and managed in an efficient and economical manner, constituent with sound municipal utility practice and in accordance with standards normally used by municipal utilities owning like properties, all in order to fulfill its obligation to provide Treated Water to the Customers.

(d) The Authority and the City of Colorado Springs, on behalf of its enterprise, Colorado Springs Utilities (Utilities), covenant and agree that if the operations, maintenance, or repair of the Fountain Valley Conduit, the Plant, or related facilities require the temporary interruption of Water Treatment under this Contract and the April 1981 Management Agreement between the Authority and Colorado Springs, the Authority and Utilities will execute an agreement substantially similar

to the Short Term Agreement for Water Service to Address Operation and Maintenance Obligations attached as Exhibit A hereto, which agreement will provide for Utilities to provide temporary water service, consisting of delivery of treated, potable water to the Authority's system for subsequent delivery to the Customers, in exchange for an equal volume of raw water to be provided by the Authority to Utilities delivered to Colorado Springs excess capacity account in Pueblo Reservoir.

**Section 12: Payment to be Sufficient for Debt Service; Operation and Maintenance Expenses.**

(a) In any instance where the amount of money on deposit in the funds created by any applicable bond resolution to make timely payments, after Operation and Maintenance Expenses, of Debt Service on Bonds as they become due and to provide reserves therefor is not the full amount then required to be on deposit therein, each Customer shall be obligated to make a payment that, together with payments similarly made by other Customers, shall be sufficient to meet such bond resolution requirements. The percentage share of the payment to be made by each Customer shall be its Participation (stated as a percentage amount). The payments required to be made under this Section 12(a) shall be paid by the Customers in the percentage shares determined above and such payments shall be made directly to the custodian of the respective funds as established in the bond resolution.

(b) In the event the Authority is held to be in default under the provisions of any applicable bond resolution (by reason of the inadequacy of payments required to be made by the Customers under the provisions of this Contract), the Customers shall cure the default by making payments in the same proportion as provided in paragraph (a) of this Section.

(c) In the event any of the other Customers default in making the payments hereunder, each Customer unconditionally covenants that, notwithstanding the notice provisions of Section 6 hereof and notwithstanding the provisions of Section 15:(b) hereof, the entire Annual Plant Costs of the Authority will be paid as they become due.

The provisions of the covenants contained in this section are for the benefit and protection of the Authority, the Customers, and the owners and holders of Bonds, if applicable, it being recognized that the holders of such Bonds shall be third-party beneficiaries of such covenants, and it is understood by the contracting parties that the initial purchaser of any issue of Bonds has and will agree to the purchase of Bonds conditioned upon this covenant.

For and in consideration of the payments to be made by the Customers under this Contract (including those under this Section), the Authority agrees to use reasonable diligence to provide Water Treatment to such Customers under the terms of this Contract, and such payments by the Customers shall be in consideration for the Authority's agreement to provide such Water Treatment; but the failure of the Authority to comply with such agreement shall not relieve any Customer of its obligations under this Section, which obligations shall be unconditional and absolute.

**Section 13: Default.**

(a) (1) If any Customer fails or defaults in meeting the terms, conditions and covenants of this Contract (including the failure to make any payment to the Authority hereunder) or of the Conveyance Service Subcontract, and such default continues for a period of 15 days, the Authority shall give notice (in the manner contemplated by 0 of this Contract) to the Customers. The defaulting Customer shall from the date of the mailing of such notice, have a period of 30 days to cure the default.

(2) If the Customer does not cure its default within such period of thirty (30) days, then, so long as such Customer remains in default, and in addition to any other rights which the Authority has under this Contract and at law and in equity, the Authority may terminate all Water Treatment and treatment related service to such Customer. Additionally, in the event of default in payment, the Authority may charge to and collect from such Customer each calendar month the amount that the Authority determines to be the difference between what the Authority would have received from such Customer under this Contract, for Water Treatment and services furnished and delivered to such Customer had such Customer not been in default and the amount, if any, that the Authority receives from sales of such Treated Water and services to the other Customers, or others. Termination of service hereunder shall not reduce or change the obligation of the defaulting Customer under the other provisions of this Contract, including without limitation, the defaulting Customer's percentage share of Operation and Maintenance Expenses under the Annual Plant Budget.

(b) If the Authority fails or defaults in meeting the terms, conditions and covenants of this Contract, except its covenant to use reasonable diligence to provide Water Treatment contained in Section 11(a), and such default continues for a period of 15 days after a Customer has given the Authority notice of such default in the manner contemplated in 0 of this Contract, then such Customer shall have all of the rights and remedies provided at law and in equity, except that in no event shall any of the Customers be relieved of its obligation specified in Section 12.

**Section 14: Allocation of Defaulting Customers' Treated Water.**

(a) In the event a Customer is in default under 0 hereof, and the Customer has not cured such default as provided in 0(a), the Authority will cease to deliver Treated Water to the defaulting Customer without reallocation to another Party. For the duration of a default, the costs and expenses associated with the defaulting Customer's entitlement to Treated Water will accrue as a receivable due to the Authority and must be paid by the defaulting Customer to cure the default. In the event the defaulting Customer cures all defaults within six (6) months of the date of notice of default under Section 13, reimburses the non-defaulting Customers for any payments that they made under Section 12, and pays a penalty equal to one percent (1%) per month of its payments in default, such Customer shall thereafter be entitled to resume receiving its entire Participation interest in Treated Water from the Authority. The six (6) month cure period may be extended only upon resolution of the Board of Directors of the Authority and written approval of the governing bodies of each of the Customers amending the Establishing Contract of the Authority. Failure to cure a default pursuant to this provision shall subject the defaulting Customer to the provisions of Article XIII of the Establishing Contract, First Amendment, May 19, 1980.



**Section 15: Payment Due Dates and Delinquency.**

(a) In the event that a Customer fails to make any payment at the time herein specified, interest on such delinquent amount shall accrue at the rate of one percent (1%) per month from the date such payment becomes due until paid in full, and the Authority may institute a proceeding for a mandatory injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

(b) All payments required to be made by the Customers under the terms of this Contract shall be due and payable within fifteen (15) days following the date the Authority renders the bill, and the Customers shall have no right of setoff, recoupment, or counterclaim against any payment under Section 12 or that part of the Annual Plant Costs which are attributable to payments to be made into the bond fund or the reserve fund by any Bond Resolution or similar funds established for the payment and security of other Obligations which are unconditional.

(c) Should a dispute between any Customer and the Authority arise as to whether the Authority is in compliance with its covenants as contained herein, each Customer shall nevertheless be obligated (1) to make the payments provided by paragraph (a) of Section 12 hereof and (2) to pay such amount of the Annual Plant Costs as may not be in dispute pending the resolution of such dispute. The disputed amount of Annual Plant Costs shall be paid by a Customer and, to the extent that such amounts are not needed to pay Debt Service on the Bonds, they shall be placed in escrow in an interest-bearing account by the Authority pending resolution of the dispute, but only the principal amount thereof shall be returned to the Customer.

**Section 16: Continuation of Services.**

A Customer not in default hereunder shall have the right to the continued performance of services provided under the provisions of this Contract for the useful life of the Plant (to the extent such useful life exceeds 40 years) by giving written notice to the Authority at least one year prior to the scheduled termination of this Contract (as specified in Section 1) provided that if such termination is occasioned by making provision for the payment of the Debts of the Authority, the notice may be given within 90 days after such provision is made. Such Customer shall be obligated to continue paying its proportionate share of the Annual Plant Costs. Each of the Customers agrees that its entitlement to Treated Water may be forfeited in the event of default hereunder following the terms and procedures for such forfeiture and termination set forth in this Contract.

**Section 17: Customer Not to Sell Its Water System.**

Each Customer covenants that during the term of this Contract (or the extensions thereof) it will not sell or otherwise dispose of its water utility distribution system in whole or substantially as a whole to any entity unless such entity can legally assume and does assume in writing all obligations of such Customer hereunder and then only with the written consent of the Authority; provided that no such sale and assumption shall be permitted hereunder if as a result thereof the exemption of interest on any Bonds from Federal income tax would be adversely affected.

**Section 18: Force Majeure.**

(a) If for any reason of “force majeure” any of the parties hereto shall be rendered unable, wholly or in part, to carry out its obligations under this Contract, other than the obligation of the Customers to make the payments required under the terms of this Contract, then if such party shall give notice and the full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such “force majeure,” shall be suspended during the continuance of the inability then claimed, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term “force majeure” as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders or actions of any kind of the government of the United States or of the State of Colorado or any civil or military authority, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accident to dams, machinery, pipelines, or canals or other structures or machinery, on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulties, and that the above requirement that any “force majeure” shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty.

(b) No damage shall be recoverable from the Authority or the Customers by reason of the causes above mentioned.

**Section 19: Insurance.**

(a) The Authority shall maintain, or cause to be maintained in force for the benefit of the Authority, such insurance with respect to the Plant as shall be reasonably available and as is usually carried by municipal water utilities constructing and operating water treatment facilities. Provided, however, in any event the Authority shall maintain, or cause to be maintained, in force, insurance in such amounts and against such risks as required by any applicable bond resolution.

(b) The Authority will secure and maintain adequate fidelity insurance or bonds on all officers and employees handling or responsible for funds of the Authority, unless such officers and employees are otherwise covered by an existing and applicable policy or bond.

(c) The Authority may establish and create a special fund for the purpose of providing a self-insurance fund. Amounts to be deposited in or credited to such fund in any Contract Year shall be accounted for as Operation and Maintenance Expenses. To the extent that monies are deposited in such fund, if created, such monies may be invested in investment securities, as defined in any applicable bond resolution. To the extent of the amounts held in such fund, the face amount of appropriate insurance policies may be reduced.

**Section 20: Reports.**

The Authority will prepare and issue to each Customer the following reports: (i) financial and operating statement relating to the Plant; (ii) status of construction for the Plant during any future construction; and (iii) analysis of operations relating to the Plant.

**Section 21: Records and Accounts.**

The Authority will keep accurate records and accounts of the Plant and of the transactions relating thereto as well as of the operations of the Authority in accordance with generally accepted accounting principles as applied to governmental units. Within one hundred twenty (120) days after close of each Contract year, the Authority shall cause such records and accounts and all transactions of the Authority relating to the Plant with respect to such Contract Year to be subject to an annual audit by an independent certified public accountant. A copy of each such annual audit shall be sent by the Authority to each Customer.

**Section 22: Access.**

Each Customer shall at all times have reasonable access to examine any and all books and records of the Authority and to examine the Plant. The Authority and each Customer will give the other the right to enter the premises of the other at all reasonable times for the purpose of repairing or removing facilities, reading meters and performing work incidental to delivery and receipt of Water Treatment and Treated Water furnished hereunder.

**Section 23: Governmental Rates, Regulations and Laws.**

The Contract shall be subject to all valid rules, regulations and laws applicable thereto, as promulgated by the United States of America, the State of Colorado, or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them, which rules, regulations and laws shall not impair the obligation of contracts including this Contract.

**Section 24: Appropriations.**

(a) Performance of Colorado Springs' obligations under this Contract is expressly subject to the appropriation of funds by its City Council. This Agreement is expressly made subject to the limitations of the Colorado Constitution and Section 7-60 of the Charter of the City of Colorado Springs. Nothing herein shall constitute, nor be deemed to constitute, the creation of a debt or multi-year fiscal obligation or an obligation of future appropriations by Colorado Springs contrary to Article X, § 20 of the Colorado Constitution, or any other constitutional, statutory, or charter debt limitation. The funds for the current year's activities related to this Contract have been fully appropriated by Colorado Springs. Colorado Springs agrees to use good faith efforts to seek the appropriation of sufficient funds to allow Colorado Springs to fully and timely perform its obligations under this Contract for each fiscal year that occurs during the term of this Contract.

(b) Performance of Security Water District, Stratmoor Hills Water District, and Widefield Water and Sanitation District's obligations under this Contract are expressly subject to the appropriation of funds by each Customer's respective Board of Directors or governing body,

which appropriations shall be made in the sole discretion of each Customer's Board of Directors or governing body. This Agreement is expressly made subject to the limitations of the Colorado Constitution. Nothing herein shall constitute, nor be deemed to constitute, the creation of a debt or multi-year fiscal obligation or an obligation of future appropriations by any Customer contrary to Article X, § 20 of the Colorado Constitution, or any other constitutional, statutory, or debt limitation. The funds for the current year's activities related to this Contract have been fully appropriated by Security Water District, Stratmoor Hills Water District, and Widefield Water and Sanitation District, and the same Customers agree to use good faith efforts to seek the appropriation of sufficient funds to allow full and timely perform each Customers obligations under this Contract for each fiscal year that occurs during the term of this Contract.

(c) Performance of the City of Fountain's obligations under this Contract is expressly subject to the appropriation of funds by its City Council, notwithstanding anything in this Contract to the contrary. This Agreement is expressly made subject to the limitations of the Colorado Constitution and the City Charter of the City of Fountain. Nothing herein shall constitute, nor be deemed to constitute, the creation of a debt or multi-year fiscal obligation or an obligation of future appropriations by the City of Fountain contrary to Article X, § 20 of the Colorado Constitution, or any other constitutional, statutory or debt limitation. The funds for the current year's activities related to this Contact have been fully appropriated by the City of Fountain, and the City of Fountain agrees to use good faith efforts to seek the appropriation of sufficient funds to fully and timely perform its obligations under this Contract for each fiscal year that occurs during the term of this Contract. Financial obligations of the City of Fountain payable after the current fiscal year are contingent upon funds for that purpose being appropriated and otherwise made available in accordance with applicable law and the resolutions, regulations, and rules of the City of Fountain.

(d) The Authority is an "enterprise" for purposes of Article X, § 20 of the Colorado Constitution, or any other constitutional, statutory, or charter debt limitation, and this Contract does not affect its enterprise status. The funds for the current year's activities related to this Contract have been fully appropriated. The Authority agrees to use good faith efforts to seek the appropriation of sufficient funds to allow the Authority to fully and timely perform its obligations under this Contract for each fiscal year that occurs during the term of this Contract. In the event funds are not appropriated in whole or in part sufficient for performance of all of the Authority's obligations under this Contract that are to be performed in the next calendar year, or appropriated funds may not be expended due to applicable spending limitations, then all rights and obligations of the Authority under this Agreement will terminate, and the Authority will thereafter have no liability for compensation or damages to the Customers in excess of the Authority's authorized appropriation for this Contract or the applicable spending limit, whichever is less. The Authority shall notify the Customers as soon as reasonably possible in the event of a non-appropriation or in the event a spending limit becomes applicable that impacts the Authority's ability to perform its obligations under this Contract.

#### **Section 25: Easements.**

Each Customer agrees that the Authority or its agent shall (when permitted by existing easement) have full access to such easements or over any easements, right-of-way or property held

by such Customer if, and to the extent, required by the Authority for any and all purposes required for the Plant.

**Section 26: Notices.**

Unless otherwise provided for in this Contract, any notice, request, demand or statement provided for in this Contract (including those provided for in Sections 6(c), 13, 14, 16, and 18), and not related to the day-to-day operations of water treatment or delivery of Treated Water shall be in writing and shall be considered to have been duly delivered when sent by registered or certified mail addressed as follows, unless another address has been designated, in writing, by the party entitled to receive same:

- (1) Colorado Springs, Colorado:

Colorado Springs Utilities  
ATTN: Manager of Water Resources  
P.O. Box 1103, Mail Code 1825  
Colorado Springs, CO 80947-1825

With copies to:

City Attorney's Office – Utilities Division  
City of Colorado Springs  
P.O. Box 1575, Mail Code 510  
Colorado Springs, CO 80901-1575

- (2) The City of Fountain, Colorado:

City of Fountain  
ATTN: Utilities Director  
116 S. Main St.  
Fountain, CO 80817

- (3) Security Water District Enterprise:

Roy E. Heald, General Manager  
231 Security Blvd  
Colorado Springs, CO 80911  
[r.heald@securitywsd.com](mailto:r.heald@securitywsd.com)

- (4) Stratmoor Hills Water District:

Kevin W. Niles  
1811 B Street  
Colorado Springs, CO 80906  
kevin@stratmoorhillswater.org

(5) Widefield Water and Sanitation District:

Lucas Hale, District Manager  
8495 Fontaine Blvd.  
Colorado Springs, CO 80925  
lucas@wwsdonline.com

With copies to:

Joseph Norris, General Counsel  
Cockrel Ela Glesne Greher & Ruhland, P.C.  
44 Cook Street, Suite 620  
Denver, CO 80206

(6) Fountain Valley Authority:

President, Fountain Valley Authority  
456 West Fontanero Street  
PO Box 1103, 1210  
Colorado Springs CO 80907

With copies to:

Carlson, Hammond & Paddock, LLC  
Karl Ohlsen, Esq.  
1900 N. Grant Street, Suite 1200  
Denver, CO 80203  
kohlsen@chp-law.com

Bills and invoices will be sent electronically, and notices related to the ordinary day-to-day operations of the Plant, Water Treatment, or deliveries of Treated Water, may be verbal, electronic, or written.

**Section 27: Severability.**

The parties hereto agree that if any of the provisions of this Contact should contravene or be held invalid under the laws of the State of Colorado, such contravention or invalidity shall not invalidate the whole Contract but it shall be construed as though not containing that particular provision, and the rights and obligations of the parties shall be construed in force accordingly, as long as the primary purposes of the Contract remains in effect.

**Section 28: Contracts to be Separate.**

This instrument embodies five separate contracts between the Authority and each Customer. Termination of one Contract shall not affect the others.

**Section 29: Use of Fountain Valley Authority Conduit for Water Treatment of Non-Project Water.**

The Authority will support its Customers in the continued use of the Fountain Valley Authority Conduit for the conveyance and treatment of non-Project water, to the extent of the Customers' respective capacity in the Fountain Valley Authority Conduit and the Plant, in order to achieve efficient and full utilization of the Customers' capacities in the Fountain Valley Authority Conduit and the Plant, so long as such use does not interfere with the other Customers' rights and obligations under this Contract.

**Section 30: Authority.**

All parties represent and warrant that they have the full power and authority to enter into and perform this Contract, and that they have taken all entity actions necessary for the execution and performance of this Contract.

**Section 31: Amendment.**

This Contract may be extended, modified, amended, or changed, in whole or part, only by written amendment duly authorized and executed by all Parties with the same formality as this Agreement.

**Section 32: Binding Effect and Assignability.**

This Agreement and the rights and obligations created hereby shall be binding upon and shall inure to the benefit of the Parties hereto and their respective representatives, heirs, successors and assigns, if any. The Parties may not assign their rights or delegate their duties under this Agreement without the prior written consent of all other Parties.

**Section 33: Governing Law and Venue.**

This Agreement and its application shall be construed in accordance with the laws of the State of Colorado. Should it be necessary to institute court proceedings concerning this Agreement, venue shall be in the District Court for El Paso County, Colorado.

**Section 34: Multiple Originals.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which constitute the same agreement.

**Section 35: Counterparts and Electronic Signatures.**

This Agreement may be executed in multiple counterparts by the Parties. All counterparts so executed shall constitute one agreement that is binding on all Parties. Each counterpart shall be deemed an original of this Agreement. Documents executed, scanned and signed electronically shall be deemed original signatures for the Purposes of this Agreement.

**Section 36: Interpretation.**

Except as otherwise provided herein, nouns, pronouns, and variations thereof shall be deemed to refer to the singular or plural, and masculine or feminine, as the context may require. Any reference to policy, procedure, law, regulation, rule, or document shall mean such policy, procedure, law, regulation, rule, or document as it may be amended from time to time.

**Section 37: Entire Agreement.**

This Contract, and documents references herein, represent the entire agreement of the parties with respect to the subject matter covered herein. All negotiations, considerations, representations and understandings between the parties are incorporated and merged herein. This Contract may be modified or altered only by the parties' written agreement.

**Section 38: Cooperation.**

The parties agree to cooperate with each other in good faith in the performance of their obligations and requirements under this Contract and to fulfill the intent and purposes of this Contract.

**Section 39: No Third-Party Beneficiary.**

This Contract shall be for the sole benefit of the parties hereto, and no other party is entitled to have any rights or benefits by reason of this Contract as a third-party beneficiary or otherwise.

**Section 40: Waiver.**

Any waiver of any breach of any provision of this Agreement by any Party shall not constitute a continuing waiver of any subsequent breach of either the same or any other provision of this Agreement.

**Section 41. Attorney Representation.**

Each Party has been represented by and has had an opportunity to consult legal counsel in connection with the negotiation and execution of this Agreement. No provision of this Agreement shall be construed against or interpreted to the disadvantage of either Party by reason of such Party having drafted or being deemed to have drafted such provision.



IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed in their corporate names and their corporate seals affixed, all by the proper officer duly authorized thereunto, as of the day and year first hereinabove written.

**Fountain Valley Authority, a Political Subdivision of the State of Colorado**

By: \_\_\_\_\_  
Name: Abigail Ortega  
Title: President

Date: \_\_\_\_\_

**Security Water District, acting by and through its water activity enterprise,**

Attest:

\_\_\_\_\_  
By: David Allgood, President

\_\_\_\_\_  
Roy E. Heald, Assistant Secretary

**City of Colorado Springs, acting on behalf of its enterprise Colorado Springs Utilities**

\_\_\_\_\_  
Travas Deal  
Chief Executive Officer  
Date:

Approved as to Form

\_\_\_\_\_  
City Attorney's Office-Utilities Division

**City of Fountain, Colorado acting by and through the City of Fountain Electric, Water and Wastewater Utility Enterprise,**

Attest:

By: \_\_\_\_\_  
Dan Blankenship, Utilities Director

\_\_\_\_\_  
City Clerk's Office

Date: \_\_\_\_\_

**Widefield Water and Sanitation District**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**Stratmoor Hills Water District, acting by and through its water activity enterprise**

Attest:

\_\_\_\_\_  
By: Robert Colgrove, President

\_\_\_\_\_  
John Willcox Secretary/ Treasurer

# EXHIBIT A TO WATER TREATMENT CONTRACT

## FORM OF:

### SHORT TERM AGREEMENT FOR WATER SERVICE TO ADDRESS OPERATION AND MAINTENANCE OBLIGATIONS

**THIS SHORT TERM AGREEMENT FOR WATER SERVICE TO ADDRESS OPERATION AND MAINTENANCE OBLIGATIONS** (“Agreement”) is made and entered into by and between Colorado Springs Utilities, an enterprise of the City of Colorado Springs, a Colorado home rule city and municipal corporation, hereinafter called “UTILITIES,” and the Fountain Valley Authority, a political subdivision of the State of Colorado, hereinafter called the “AUTHORITY.” Both UTILITIES and AUTHORITY hereinafter are each individually referred to as “Party” and collectively referred to as the “Parties.”

#### RECITALS

- A. The AUTHORITY was established by and includes participation from the following entities: Stratmoor Hills Water District, the City of Fountain, the Security Water District, the Widefield Water & Sanitation District, and the City of Colorado Springs (collectively the “FVA Participants”). Stratmoor Hills Water District, City of Fountain, Security Water District, and Widefield Water & Sanitation District are referred to herein as the “Partner Entities”.
- B. The AUTHORITY was organized under the laws of the State of Colorado as a vehicle for the repayment of the costs for construction and operation and maintenance of the Fountain Valley Conduit (“FVC”), and to construct and operate a water treatment plant to provide treatment for water conveyed by the FVC to the FVA Participants.
- C. Each of the FVA Participants is entitled to a portion of the Fryingpan-Arkansas water allocated to the FVC by the Southeastern Colorado Water Conservancy District, pursuant to the Contract Between the United States and the Southeastern Colorado Water Conservancy District for Conveyance Service from the Fountain Valley Conduit dated July 10, 1979, and the Subcontract Between the Southeastern Colorado Water Conservancy District and the Fountain Valley Authority, the City of Colorado Springs, the City of Fountain, the Security Water District, Stratmoor Hills Water District, and the Widefield Homes Water Company for Conveyance Service from the Fountain Valley Conduit dated July 10, 1979.
- D. The water delivered to the FVC requires treatment to be potable and fit for municipal and domestic uses by the FVA Participants.
- E. The AUTHORITY provides water treatment service to the FVA Participants pursuant to the terms set forth in a Water Treatment Contract Between the AUTHORITY and the FVA Participants dated \_\_\_\_\_, 2023, replacing a prior agreement between the Authority and FVA Participants dated November 1, 1979 (“Water Treatment Contract”).

- F. The AUTHORITY constructed and operates, or causes to be operated, a water treatment plant (“Treatment Plant”) with sufficient capacity to treat the water allocated to the FVC for the purpose of supplying water treatment to each FVA Participant.
- G. UTILITIES operates the Treatment Plant and performs the AUTHORITY’s obligations according to the terms set forth in the Water Treatment Contract on behalf of AUTHORITY pursuant to a Management Agreement dated April 1981, between the AUTHORITY and UTILITIES and approved by the FVA Participants (the “Management Agreement”).
- H. Pursuant to the Management Agreement, UTILITIES is responsible for delivering potable water to the FVA Participants.
- I. Colorado Springs’ allotment of FVC water treated at the Treatment Plant is delivered to UTILITIES’ water system through a connection located in the AUTHORITY’s Colorado Springs/Stratmoor Hills Terminal Tank vault that was constructed in the early 1980s as part of the FVC project.
- J. The connection at the AUTHORITY’s Colorado Springs/Stratmoor Hills Terminal Tank was designed and constructed such that (1) Colorado Springs’ treated FVC water could be conveyed into its water distribution system and (2) so that the flow of water at the connection could be reversed such that Colorado Springs could provide treated water to the other FVA Participants in case of an emergency or required maintenance of the Treatment Plant.
- K. The AUTHORITY and UTILITIES have determined that the Treatment Plant needs to be shut down for an extended maintenance outage during the period between \_\_\_\_\_, 20\_\_\_\_, and \_\_\_\_\_, 20\_\_\_\_, (“Outage Period”) and the Treatment Plant will not be available to treat the FVC water during that time. Failure to perform the necessary preventative maintenance during the Outage Period could result in Treatment Plant failure and the need for extended and unplanned emergency service.
- L. In light of the need for preventive maintenance of the Water Treatment Plant, AUTHORITY and UTILITIES agree that, in order to meet each Party’s obligations set forth in the Water Treatment Contract and the Management Agreement, UTILITIES will provide AUTHORITY with temporary water service during the Outage Period; with the temporary water service consisting of UTILITIES’ delivery of treated, potable water to the AUTHORITY’s system at the AUTHORITY’s Colorado Springs/Stratmoor Hills Terminal Tank for AUTHORITY’s subsequent delivery to the Partner Entities (the “Service”). In exchange for the delivery of treated potable water to the AUTHORITY, the AUTHORITY will make a volume of water subject to the AUTHORITY’s control, use, and allocation equal to the volume of treated water UTILITIES delivered to the Point of Connection into UTILITIES’ excess capacity account in Pueblo Reservoir, in the manner described in Section II. G., below.

- M. UTILITIES currently has infrastructure capacity available in its water system, a sufficient but interruptible supply of fully consumable water, sufficient water conveyance, storage capacity, and water treatment capacity to provide short-term, interruptible delivery to AUTHORITY of the volume of treated water allocated to each FVA Participant during the Outage Period as required under the Water Treatment Contract.
- N. Given that this Agreement is necessary for UTILITIES and AUTHORITY to meet their obligations under the Water Treatment Contract and the Management Agreement, that the connection point between the systems was built for emergency redundancy, and that the provision of Service under this Agreement is temporary and preventative, this Agreement is not a Regional Water Service Agreement contemplated by UTILITIES' Tariffs and the rates and fees applicable to such agreements under the Tariffs do not apply to this Agreement.
- O. UTILITIES entered into this Agreement pursuant to and in accordance with UTILITIES' Excellence in Governance Policy, Utilities Board Instructions to the Chief Executive Officer, Water Supply Management (I-7).

## **AGREEMENT**

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

### **I. DEFINITIONS**

- A. For the purposes of this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise:
  - 1. Consecutive System: The Code of Colorado Regulations defines a "Consecutive System" as a Public Water System that receives some or all of its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems pursuant to a separate agreement between all involved parties.
  - 2. Public Water System: The Code of Colorado Regulations defines a "Public Water System" as a system for the provision to the public of water for human consumption through pipes or other constructed conveyances if such system has at least fifteen service connections or regularly serves an average of at least 25 individuals daily at least 60 days per year.

### **II. SERVICE**

- A. **Term:** This Agreement shall become effective upon the date of the last signature below and remains in effect until 5:00 pm MST on \_\_\_\_\_, 20\_\_ ("Term"). Should the AUTHORITY provide UTILITIES with notice no later than \_\_\_\_\_, 20\_\_, that the Outage Period needs to continue beyond \_\_\_\_\_, 20\_\_, the term may, at Utilities' sole

discretion, be extended through the date for the end of the Outage Period provided in the notice or \_\_\_\_\_, 20\_\_\_\_, whichever comes first. Utilities shall provide AUTHORITY with notice of whether it approves the requested extension of the Term within fourteen days of its receipt of notice from AUTHORITY requesting the extension. Any further extension of the Term will be subject to paragraph II.J.

**B. Service:** In order for UTILITIES and AUTHORITY to meet their obligations set forth in the Water Treatment Contract and the Management Agreement, UTILITIES agrees to provide the AUTHORITY with Service as contemplated in this Agreement.

**C. Point of Connection:**

1. UTILITIES shall deliver treated, potable water under this Agreement to the AUTHORITY at the AUTHORITY’s Colorado Springs/Stratmoor Hills Terminal Tank vault located at 2447 Chamberlin South, Colorado Springs, CO 80906, and the water will be deemed delivered as it flows through the meter at that location (Point of Connection).
2. AUTHORITY shall be solely responsible, financially and otherwise, for the operation, maintenance and repair, improvement, including any necessary improvement, repair or maintenance of the Point of Connection that is requested by UTILITIES for the purpose of meeting its obligations under this Agreement. All repair or maintenance of the Point of Connection shall be completed in a timely manner and in accord with standard industry practices.

**D. Volumetric Delivery Terms:** AUTHORITY shall limit its treated water demand on UTILITIES’ system to an instantaneous flow rate of not more than 5,125 gallons per minute, and a total maximum daily delivery of 7.38 million gallons per day (daily flow limit). UTILITIES may, as it deems necessary and without providing AUTHORITY notice, increase, decrease, or waive these daily and instantaneous flow limits based on system performance to protect UTILITIES’ water system and deliveries to UTILITIES’ customers or other good cause. UTILITIES will make best efforts to provide AUTHORITY timely notice of any changes of this type, unless the delay from doing so would result in material injury to the AUTHORITY’s or the Partner Entities’ infrastructure. UTILITIES shall not be obligated to deliver more than the amount of water allocated to each FVA Participant, as shown in the table below:

<b>Allocated Flow</b>	<b>MGD</b>
Stratmoor Hills	0.54
Fountain	1.78
Fountain Swap	2.25
Security	1.47
Widefield	1.34
<b>Total</b>	<b>7.38</b>

- E. Use of Water:** AUTHORITY agrees not to allow the FVA Participants to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside their existing service territories as of the date of this Agreement or to any entity or person other than the Partner Entities. AUTHORITY further irrevocably commits not to allow FVA Participants to serve water delivered under this Agreement to property located outside of the natural drainage of the Arkansas River or to market, transfer, wheel, or otherwise provide water to properties or entities located outside the natural drainage of the Arkansas River Basin.
- F. Water Rights Unaffected:** No water rights are being transferred to or from UTILITIES or AUTHORITY under this Agreement.
- G. Replacement Water:** UTILITIES will measure the volume and provide accounting to AUTHORITY for all treated water delivered to AUTHORITY pursuant to this Agreement. Such accounting shall be provided to AUTHORITY. In exchange for the treated water provided by UTILITIES under this Agreement, AUTHORITY will credit the designated UTILITIES' account in Pueblo Reservoir for the volume of water delivered to AUTHORITY under this Agreement and will subtract the appropriate volume from the Partner Entities' accounts such that all water delivered by UTILITIES to AUTHORITY under this Agreement will be replaced on a one for one basis. Such replacement shall occur on or before the date set forth in paragraph II.H, below.
- H. Service Rates, Fees, and Billing:** AUTHORITY agrees to pay UTILITIES for water provided pursuant to this Agreement at the "agreement rate", defined as the previous three-month average Colorado Springs SDS Variable Costs as defined in Exhibit C of the Intergovernmental Agreement for the Operations, Maintenance and Replacement of the Southern Delivery System. UTILITIES will bill AUTHORITY monthly in arrears for all treated water provided under this Agreement with payment due within thirty (30) days of the date of billing.
- I. Metering:** All water delivered under this Agreement shall be measured at the previously installed meter located at the Point of Connection and for AUTHORITY's billing purposes the previously installed meters at the point of connection between the AUTHORITY System and each of the FVA Participant's systems. All such meters were installed by AUTHORITY and are owned and operated by AUTHORITY. Testing and calibration of such meters and resolution of any issues related thereto shall be in accordance with the terms set forth in Section 8 of the Water Treatment Contract.
- J. Changes in Terms or Type of Service:** Should AUTHORITY require Service for longer than the Term, request deliveries that exceed the limits outlined in this Agreement, or desire a different type of water service, UTILITIES and AUTHORITY shall either amend this Agreement or renegotiate the Agreement in its entirety. Any such additional Service will be evaluated based on the nature of the situation and may be subject to additional costs and/or requirements in accordance with UTILITIES' then current tariffs, standards, and policies.

### **III. WATER DELIVERIES**

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

#### **1. UTILITIES System Control**

- a. Operations Supervisor, Jeremy McBeain  
jmcbeain@csu.org  
(719) 668-4588  
(719) 494-6973
- b. System Control Operator, to be acknowledged within 24-hours by Operations Supervisor  
(719) 668-4570
- c. Water\_accounting@csu.org

#### **2. AUTHORITY System Control**

- a. AUTHORITY Operator I  
(719) 668-9052
- b. AUTHORITY II Sage Church  
schurch@csu.org  
(719) 668-9082

**B. Delivery Interruptions.** UTILITIES may interrupt deliveries of water hereunder due to lack of water supplies, infrastructure failure, system capacity failure, or water quality concerns.

**C. Drinking Water Quality Regulatory Compliance; Required Permits:** The water provided by UTILITIES to AUTHORITY at the Point of Connection shall be potable water that complies with the Federal Safe Drinking Water Act and the applicable Colorado Primary Drinking Water Regulations (5 C.C.R. 1002-11). Pursuant to §1.8 of the Colorado Primary Drinking Water Regulations, UTILITIES' responsibility regarding the quality of water furnished shall extend only to the Point of Connection. AUTHORITY agrees that its



water system constitutes a Consecutive System and, in accordance with §1.9 of the Colorado Primary Drinking Water Regulations, AUTHORITY is responsible for all applicable monitoring and reporting requirements of the Colorado Primary Drinking Water Regulations of water within AUTHORITY's system.

**D. Permits.** AUTHORITY will be responsible for obtaining, prior to operation, any applicable permits from any permitting authority or approvals from the Colorado Department of Public Health and Environment to fulfill all purposes of this Agreement. A copy of such approval will be provided to UTILITIES within 30 days of receipt by AUTHORITY to the UTILITIES' contacts set forth in Article V.A below.

**E. Consecutive System Disinfection:** AUTHORITY and UTILITIES shall comply with the Consecutive Systems Disinfection Protocol set forth in Appendix A during the term of this Agreement.

1. Disinfection pursuant to Appendix A is required when:

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

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

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

the same rights and remedies as provided to UTILITIES, including the option of requesting the suspension of the delivery of water under this Agreement until such time as UTILITIES has achieved compliance.

#### IV. STANDARD TERMS AND CONDITIONS

- A. Legal Notice:** Notices under this Agreement, other than AUTHORITY's requests for water and UTILITIES' responses to such requests, shall be given in writing, signed by an authorized representative of the party giving notice. Telephonic or email notice is not acceptable. Notices shall be delivered by courier service delivery (such as Federal Express) or by first-class mail to the people specified below at the following addresses:

For UTILITIES:

1. Manager, Water Resources

Courier Service Address:

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

United States Postal Service Address:

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

2. City Attorney's Office – Utilities Division:

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

For AUTHORITY:

1. Sage Church - Superintendent

Fountain Valley Water Treatment Plant  
13250 Ray Nixon Road  
Fountain CO 80817  
(719)668-9082

2. President, Fountain Valley Authority  
456 West Fontanero Street  
PO Box 1103, 1210  
Colorado Springs CO 80907
3. Attorney, Carlson, Hammond & Paddock, LLC  
Karl Ohlsen  
1900 N Grant Street, Suite 1200  
Denver, CO 80203

- B. Termination:** AUTHORITY acknowledges and consents to UTILITIES' right to terminate deliveries of water under this Agreement due to a significant interruption of water supplies, a substantial disruption (including, but not limited to, legal challenges impacting the water system, and maintenance and repair to the infrastructure) to UTILITIES' water system, or AUTHORITY's breach of a material term or condition of this Agreement or as otherwise authorized by the City Code of Colorado Springs. To the extent UTILITIES has actual knowledge, UTILITIES will notify the AUTHORITY of circumstances that could result in such termination.
- C. Legal Compliance:** AUTHORITY shall be solely responsible for obtaining and complying with all administrative or judicial approvals necessary to accomplish the provision of water service and water conveyance by UTILITIES to AUTHORITY under this Agreement. UTILITIES will cooperate as reasonably requested by the AUTHORITY in any application or proceedings to obtain such approvals.
- D. City of Colorado Springs Compliance:** AUTHORITY agrees to comply with all applicable ordinances, regulations and rules concerning the connection to and use of UTILITIES' water system by AUTHORITY.
- E. No Assignment without Consent; No Third-Party Beneficiary:** There shall be no assignment of the rights or obligations contained in this Agreement by either Party without the prior written consent by the other Party, and any such assignment shall be null and void. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than UTILITIES and the AUTHORITY.
- F. Governing Law, Jurisdiction and Venue:** This Agreement shall be construed in accordance with the laws of the State of Colorado (except for its conflict of law provisions) as well as the Colorado Springs City Charter and the City Code. The place of performance and transaction of business shall be deemed to be in the County of El Paso, State of Colorado. In the event of litigation, the exclusive venue and place of jurisdiction shall be El Paso County, Colorado and, if necessary, for exclusive federal questions, the United States District Court for the District of Colorado.
- G. Force Majeure:** Neither Party shall be liable for delays in performing its obligations to the extent the delay is caused by an unforeseeable condition beyond its reasonable control

without fault or negligence, including strikes, riots, wars, floods, fires, explosions, acts of nature, acts of government, or labor disturbance.

#### **H. Appropriation of Funds:**

1. UTILITIES: This Agreement is expressly made subject to the limitations of the Charter of the City of Colorado Springs. Nothing herein shall constitute, nor be deemed to constitute, the creation of a debt or multi-year fiscal obligation or an obligation of future appropriations by the City Council of Colorado Springs or any other constitutional, statutory, or charter debt limitation. Notwithstanding any other provision of this Agreement, with respect to any financial obligations of UTILITIES that may arise under this Agreement in any fiscal year after the year of execution, in the event the budget or other means of appropriation for any such year fails to provide funds in sufficient amounts to discharge such obligation, such failure (i) shall act to terminate this Agreement at such time as the then-existing and available appropriations are depleted, and (ii) neither such failure nor termination shall constitute a default or breach of this Agreement by UTILITIES.
2. AUTHORITY: The AUTHORITY is an “enterprise” for purposes of Article X, § 20 of the Colorado Constitution, or any other constitutional, statutory, or charter debt limitation, and this Agreement does not affect its enterprise status. The funds for the current year’s activities related to this Agreement have been fully appropriated. AUTHORITY agrees to use good faith efforts to seek the appropriation of sufficient funds to allow AUTHORITY to fully and timely perform its obligations under this Agreement for each fiscal year that occurs during the term of this Agreement. In the event funds are not appropriated in whole or in part sufficient for performance of all of AUTHORITY’s obligations under this Agreement that are to be performed in the next calendar year, or appropriated funds may not be expended due to applicable spending limitations, then all rights and obligations of AUTHORITY under this Agreement will terminate, and AUTHORITY will thereafter have no liability for compensation or damages to UTILITIES in excess of AUTHORITY’s authorized appropriation for this Agreement or the applicable spending limit, whichever is less. AUTHORITY shall notify UTILITIES as soon as reasonably possible in the event of a non-appropriation or in the event a spending limit becomes applicable that impacts AUTHORITY’s ability to perform its obligations under this Agreement.

- I. **Entire Agreement; Modifications to be in Writing:** This Agreement, including any and all appendices and exhibits attached hereto, contains the entire understanding between the Parties. No modification, amendment, notation, or other alteration to this Agreement shall be valid or any force or effect unless mutually agreed to by the Parties in writing as an addendum to this Agreement. At the time of the execution of this Agreement, there are no other terms, conditions, requirements, or obligations affecting this Agreement which are not specifically set forth therein. Electronic mail and all other electronic (including voice) communications from UTILITIES, except as otherwise specifically provided herein, in connection with this Agreement, are for informational purposes only. No such communication is intended by UTILITIES to constitute either an electronic signature or to

constitute any agreement by UTILITIES to conduct a transaction by electronic means. Any such intention or agreement is hereby expressly disclaimed.

**J. No Precedent; Severability:** The Parties agree that neither of them intends that this Agreement shall in any way constitute a precedent or standard for any future Agreement, nor vest any rights in either Party or any third party for novation, renewal, modification, or addition of any other rights or services on account of this Agreement's existence, as it is based solely on unique conditions currently existing at the time of execution. Any provision or part of this Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be binding upon the Parties and this agreement shall be reformed to replace such stricken provisions with a new provision that comes as close as possible to expressing the intention of the stricken provision.

**K. Execution in Counterparts:** This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement on the dates set forth below.

**COLORADO SPRINGS UTILITIES,  
AN ENTERPRISE OF THE CITY OF COLORADO  
SPRINGS, A HOME RULE CITY AND COLORADO  
MUNICIPAL CORPORATION**

By: \_\_\_\_\_

Name: TBD

Title: Chief Executive Officer

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_

City Attorney's Office – Utilities Division

**FOUNTAIN VALLEY AUTHORITY,  
A POLITICAL SUBDIVISION OF THE  
STATE OF COLORADO**

By: \_\_\_\_\_

Name: Abigail Ortega

Title: President

Date: \_\_\_\_\_

# Board Memo Agenda Item

## Staff Report

**Date:** May 17, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Clean Heat Plan

### NARRATIVE:

**Desired Action:** Discussion

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

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

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

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

**Board Policy:** I-12 Environmental Stewardship

**Cost/Budget:** To be determined.

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

**Alternatives:** N/A

<b>Submitter:</b> David Longrie	<b>Email address:</b> dlongrie@csu.org
<b>Division/ Department:</b> System Planning and Projects (SPP)/Energy Resource Planning & Innovation	<b>Phone number:</b> 719-668-8776
	<b>Date submitted:</b> April 24, 2023

**SPG Staff Use Only:** Consent Calendar

Yes

**X**

No

**ITEM NO. 9**



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

# Clean Heat Plan

David Longrie, Manager Energy Resource Planning and Innovation

May 17, 2023



# Clean Heat Plan (CHP) Overview

- Colorado Senate Bill 21-264, signed June 2021
- Requires gas utilities with more than 90,000 retail customers to develop, file, and receive approval of comprehensive clean heat plans designed to reduce greenhouse gas (GHG) emissions per the table below
- Municipal gas distribution utility shall submit its CHP to the Air Pollution Control Division (Division) no later than August 1, 2023 for verification

Year	Goal	Requirement
2025	4% reduction in GHG below 2015 levels	Cost cap 2% of total revenue from full-service gas customers
2030	22% reduction in GHG below 2015 levels	Cost cap 2.5% of total revenue from full-service gas customers

# Regulatory Considerations



- Regulatory differences
  - Investor-owned utilities (IOUs) - Colorado PUC
    - PUC provided rules to the IOUs relating to the planning and implementation of SB 21-264
      - Decision No C22-0760
  - Colorado Springs Utilities – **Utilities Board act as PUC**
    - Colorado Springs Utilities, as a municipal utility, must set rules for compliance within legislative provisions
      - Should show awareness of PUC direction, as applicable
      - Team will propose definitions and methodology used to evaluate the CHP

# CHP Public Process

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

Public meeting took place on May 8



# Review Clean Heat Plan Guidance Document

*Guidance Document is in the packet*

- Colorado Springs Utilities will utilize clean heat resources to the maximum extent practicable and count greenhouse gas emission reductions resulting from the use of those resources
- Utilities shall calculate a baseline level of emissions for calendar year 2015.
- Utilities shall exclude emissions from its power plants served by Utilities' gas distribution system as those emissions are accounted for under Utilities' Clean Energy Plan.

Utilities will use 2015 actual revenue adjusted for the GCA balance; annual cost impact \$2.5 - \$4 million

# Clean Heat Plan Application

- Utilities' clean heat plan application shall:
  - present a plan to implement clean heat resources throughout the clean heat plan action period;
  - demonstrate that the clean heat plan will result in greenhouse gas emissions reductions necessary to meet the applicable clean heat targets **or show compliance with the cost cap**; and
  - demonstrate that the activities contemplated in the clean heat plan facilitates Utilities' ability to meet future greenhouse gas emission reduction targets.
- No later than **Aug. 1, 2023**, the largest municipal gas distribution utility in Colorado, as determined by the volume of gas sold in Colorado, shall file its first application for approval of a clean heat plan.

# Portfolios Required

- Utilities shall present the following portfolios of clean heat resources:
  - At least one portfolio shall use the maximum amount of clean heat resources practicable and also comply with a 2.0/2.5% annual retail cost impact cap;
    - This portfolio may or may not meet the clean heat target in the applicable plan period, but must demonstrate reductions in methane emissions;
  - At least one portfolio shall meet the clean heat target regardless of the annual retail cost impact of such portfolio;
  - Utilities may present other alternative portfolios;
  - Utilities shall identify a preferred portfolio that best balances, given the information available, the goals of maintaining just and reasonable rates, maintaining system safety, reliability, and resiliency, protecting disproportionately impacted communities, and contribution to statewide progress on meeting the greenhouse gas emission reduction goals established in § 25-7-102(2)(g), C.R.S.,

# Demand Side Management (DSM)

- Utilities shall provide a prospective gas DSM plan demonstrating Utilities' proposed expenditures by year for each DSM program
- We provide a robust list of incentives for low energy use including:
  - Energy efficient appliance rebates
    - Natural gas furnace: \$250
    - Air source or ductless heat pump: \$500
    - Cold climate air source heat pump: \$1,000
    - Natural gas water heater: \$50
    - Heat pump water heater: \$200
  - Commercial Building Efficiency Program
- Save with free online efficiency tools
  - Home Energy Saver tool
  - My Usage tool: track your electricity, natural gas and water use.

## Next Steps

- Will present Clean Heat Plan at special meeting June 29
- Must submit approved plan by Aug. 1, 2023







Colorado Springs Utilities<sup>®</sup>

*It's how we're all connected*

# Clean Heat Plan

Senate Bill 21-264 – Clean Heat Plan which **requires** municipal gas distribution utilities to develop, file, and receive approval of comprehensive clean heat plans designed to reduce greenhouse gas (GHG) emissions per the table below. This plan shall be submitted to the Air Pollution Control Division (Division) **no later than August 1, 2023 for verification**. The Bill defines a municipal gas distribution utility as a municipally owned utility that provides gas service to more than 90,000 customers.

Year	Target	Requirement
2025	4% reduction in GHG below 2015	Cost cap 2% of total revenue from full-service gas
2030	22% reduction in GHG below 2015	Cost cap 2.5% of total revenue from full-service gas

## Key Assumptions

- “Cost cap” means a maximum cost impact to full-service customers as defined in this document equal to the year **2015 actual revenue** adjusted for the Gas Cost Adjustment (GCA) balance and for transport customers that converted to firm service since year 2014. Annual cost cap expenditures could range from \$2.5 – \$4 million, depending on year.
- “Retail sales” means sales from full-service customers **excluding** transportation customers, customers reporting under CFR 40 Part 98, and power plant customer volumes reported in Colorado Springs Utilities Clean Energy Plan.
- The cost of carbon dioxide emissions shall be based on the most recent social cost of carbon dioxide developed by the federal government, in accordance with the following:
  - The cost of carbon dioxide emissions starting in 2020, shall not be less than the base cost of **\$68.00 per metric ton** in 2020 dollars per Colorado House Bill 21-1238;
  - The social cost of methane emissions, starting in 2020, shall not be less than the base cost of **\$1,756 per metric ton** in 2020 dollars per Colorado House Bill 21-1238;
- The **Utilities Board shall approve** a clean heat plan, including the associated forecasts if it finds the plan to be **in the public interest**.
  - The clean heat resources include any one or combination of the following resources:
    - Demand side management (DSM)
    - Recovered methane
    - Green hydrogen
    - Beneficial electrification programs
    - Pyrolysis of tires
    - Any other technology approved by the Utilities Board that is cost effective and results in a reduction of carbon emissions from the gas utility and is approved by the Air Pollution Control Division
  - In evaluating whether the clean heat plan is in the public interest, the UB shall consider the following factors:
    - whether the plan achieves the clean heat targets using clean heat resources that, in aggregate, maximize greenhouse gas emission reductions...
    - whether the plan can be implemented at the lowest reasonable cost and rate impact, considering savings to customer bills...
    - whether the plan provides air quality and environmental, benefits in addition to the greenhouse gas emission reductions;

- whether Utilities has demonstrated the investments in the clean heat plan prioritize serving customers participating in income-qualified programs and communities historically impacted by air pollution and other energy-related pollution;
  - whether the plan presents risks to Utilities' customers, including the risk of market volatility and the risk of stranded investment costs;
  - whether the plan maintains system safety and reliability.
- Colorado Springs City Council may approve a utility's proposed rate adjustment clause or structure that allows for current recovery of Utilities' clean heat plan costs.
- No later than December 1, 2024, the Air Pollution Control Division, shall determine a mass-based clean heat target for the Utilities clean heat plans for year 2035 using the 2015 baseline.
- No later than December 1, 2032, the Air Pollution Control Division, shall determine the mass-based clean heat targets for years 2040, 2045, and 2050 using the 2015 baseline.

### **Key Considerations**

- Utilities Board must set rules for compliance within legislative provisions
  - The PUC provided these rules for the Investor-Owned Utilities
- Electrification of the natural gas system will increase load on the electric system

This document states Colorado Springs Utilities Board’s basis and direction for regulating its’ municipal utility’s Clean Heat Plan promulgated in Colorado SB 21-264. Colorado Springs Utilities (Utilities) Clean Heat Plan (CHP) is not regulated by the Colorado Public Utilities Commission under SB21-264 or Colorado Revised Statutes (C.R.S.) Title 40. The basis and purpose of this methodology document sets forth methodology and guidance for developing, approving and submission of Colorado Springs Utilities Clean Heat Plan to state regulatory authorities while balancing, customer choice, obligations to serve, just and reasonable rates, ensure system safety, reliability, and resiliency, protect disproportionately impacted communities, and reduce greenhouse gas emissions from the use of gas by customers and from leaks in its’ gas distribution facilities. The statutory authority for this guidance is the Colorado Springs Utilities Board Bylaws and the Colorado Springs Utilities Board Excellence in Governance Policy Manual.

## **GENERAL PROVISIONS**

### **1. DEFINITIONS**

The following definitions apply throughout this document:

- (a) “Air Pollution Control Division” (APCD) means the Air Pollution Control Division of the Colorado Department of Public Health and Environment established by § 25-1-102(2)(a), C.R.S.
- (b) “Air Quality Control Commission” (AQCC) means the decision-making body within the Colorado Department of Public Health and Environment established by § 25-7-104, C.R.S., to oversee and promulgate the rules to administer Colorado’s air quality programs.
- (c) “Beneficial electrification” means converting the energy source of a customer’s end use from a nonelectric fuel source to a high-efficiency electric source, or avoiding the use of nonelectric fuel sources in new construction or industrial applications, if the result of the conversion or avoidance is to:
  - (I) Reduces net greenhouse gas emissions over the lifetime of the conversion or avoidance;
  - (II) Reduces system costs for the Utility’s customers; and
  - (III) Provides for a more efficient utilization of grid resources.
- (d) “Biomethane” means:
  - (I) a mixture of carbon dioxide and hydrocarbons released from the biological decomposition of organic materials that is primarily methane and provides a net reduction in greenhouse gas emissions when it replaces geologic gas; and

(II) includes biomethane recovered from manure management systems or anaerobic digesters that has been processed to meet pipeline quality gas standards.

- (e) "Clean Heat Plan" (CHP) means a comprehensive plan submitted by a municipal gas distribution utility that demonstrates projected reductions in methane and carbon dioxide emissions that, together, meet the reductions required by statute at the lowest reasonable cost.
- (f) "Clean heat resources" means reduction in carbon emissions from the combustion of gas in customer end uses or meets a recovered methane protocol approved by the Air Quality Control Commission. See planning rule 10 for additional details.
- (g) "Cost cap" means a maximum cost impact to full-service customers as defined in this document equal to the year 2015 actual revenue adjusted for the Gas Cost Adjustment (GCA) balance and for transport customers that converted to firm service since year 2014. This cost cap is defined as two percent of total annual revenue from full-service gas customers in achieving the 2025 target and two and one-half percent of total annual revenue from full-service gas customers in achieving the 2030 target.
- (h) "Customer" means any person who is currently receiving utility gas service. Any person who moves within Utilities' service territory and obtains utility service at a new location within 30 days shall be considered a "customer." Unless stated in a particular rule, "customer" applies to any class of customer as defined by Utilities' tariffs.
- (i) "Dekatherm" (Dth) means a measurement of gas commodity heat content. One Dekatherm is the energy equivalent of 1,000,000 British Thermal Units (1 MMBtu).
- (j) "Dedicated recovered methane pipeline" means a conveyance of recovered methane that is not a part of a common carrier pipeline system, and which conveys recovered methane from where it is generated to a common carrier pipeline or to the end user in Colorado for which the recovered methane was produced so long as the recovered methane replaces geologic gas.
- (k) "Disproportionately impacted community" means a geographic area defined by the Colorado Department of Public Health and Environment,
- (l) "Distribution system" means Utilities-owned piping and associated facilities used to deliver gas to customers, excluding production, storage, or transmission facilities.
- (m) "Energy assistance organization" means the nonprofit corporation established for low-income energy assistance pursuant per Home Efficiency Assistance Program (HEAP) requirements.
- (n) "Full-service customer" means a customer who receives gas sales service from Colorado Springs Utilities and is not served under a gas transportation service rate

schedule, and excludes customers reporting under 40 CFR Part 98, and power plant volumes reported in Colorado Springs Utilities Clean Energy Plan.

- (o) "Gas" means natural or geological gas; hydrogen, or recovered methane, or any mixture thereof transported by a common carrier or dedicated pipeline; flammable gas; manufactured gas; petroleum or other hydrocarbon gases including propane; or any mixture of gases injected into a pipeline and transmitted, distributed, or furnished by Utilities.
- (p) "Green hydrogen" means hydrogen derived from a clean energy resource as defined in section 40-2-125.5 (2)(b), C.R.S. (2023), that uses water as the source of the hydrogen. for purposes of a clean heat plan, a green hydrogen project may include associated clean energy generation, transmission, and other infrastructure.
- (q) "Greenhouse gas" has the meaning set forth in section 25-7-140 (6), C.R.S., measured in terms of carbon dioxide equivalent.
- (r) "Income-qualified utility customer" or "low-income customer" is a customer whose gross household income is at or below 60% of the State Median Income.
- (s) "Local distribution company" (LDC) means any person, other than an interstate pipeline or an intrastate transmission pipeline, engaged in the sale and distribution of gas for end-user consumption. A LDC may also perform transportation services for its end-use customers, for another LDC or its end-use customers, as authorized under its effective Colorado Springs Utilities tariffs.
- (t) "Lowest reasonable cost" means a reasonable-cost mix of clean heat resources that meet clean heat targets established pursuant to Colorado Springs Utilities Clean Heat Plan as determined through an analysis of available technologies and includes resource costs, risks to ratepayers, systems operations costs, infrastructure costs, the social cost of carbon, and the social cost of methane in comparing the costs and benefits of alternatives, and other costs and benefits as determined by the Utilities Board.
- (u) "Main" means a distribution line that serves, or is designed to serve, as a common source of supply for more than one service lateral.
- (v) "Mcf" means 1,000 standard cubic feet (scf).
- (w) "MMBtu" means 1,000,000 British Thermal Units, or one Dekatherm.
- (x) "Municipal gas distribution utility" means a municipally owned utility that provides gas service to more than ninety thousand customers.
- (y) "Natural gas" or "geological gas" means methane or other hydrocarbons that occur underground without human intervention and may be used as fuel.
- (z) "Non-pipeline alternative" means energy efficiency, demand response, and beneficial electrification.
- (aa)"Pipeline system" means the Utilities owned piping and associated facilities used in the transmission or distribution of gas.

- (bb)“Pyrolysis” means the thermochemical decomposition of material at elevated temperatures without the participation of oxygen.
- (cc) “Recovered methane” means any of the following that are located in the State of Colorado and meet the recovered methane protocol approved by the Air Quality Control Commission: biomethane; methane derived from municipal solid waste, the pyrolysis of municipal solid waste, biomass pyrolysis or enzymatic biomass, or wastewater treatment; coal mine methane as defined in the capture of which is not otherwise required by law; or methane that would have leaked without repairs of the gas distribution or service pipelines from the city gate to customer end use.
- (dd) “Retail sales” means sales from full-service customers excluding transportation customers, customers reporting under CFR 40 Part 98, and power plant customer volumes reported in Colorado Springs Utilities Clean Energy Plan served by Colorado Springs Utilities gas distribution system.
- (ee) "Sales service" means a bundled gas utility service in which Utilities both purchases gas commodity for resale to the customer and delivers the gas to the customer.
- (ff) "Standard conditions" means gas at a temperature of 60 degrees Fahrenheit and subject to an absolute pressure equal to 14.73 pounds per square inch absolute.
- (gg)"Transportation customer" means a person who, by signing a gas transportation agreement, elects to subscribe to gas transportation service offered by Colorado Springs Utilities.
- (hh) “Utilities Board” (UB) means the citizen owner elected officials that have the responsibility for governing Colorado Springs Utilities, also service as the Colorado Springs City Council

## **BILLING AND SERVICE**

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

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

## **GREENHOUSE GAS EMISSIONS.**

### **3. Definitions**

- (a) "Federal technical support document" shall mean the 2016 technical support document of the Federal Interagency Working Group on Social Cost of Greenhouse Gases, entitled "Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866" or the most recently available successor of the 2016 federal technical support document. Application of the Methodology to Estimate the Social Cost of Methane and the Social Cost of Nitrous Oxide."

### **4. Measurement and Accounting**

- (a) Greenhouse gas emissions shall include methane and carbon dioxide emissions measured separately in metric tons and presented in carbon dioxide equivalent. Baseline emissions, system-wide emissions, and reductions in emissions shall be based on the most recent clean heat workbook published by the Air Pollution Control Division, to guide the proper calculation and reporting of both carbon dioxide and methane emissions.

(I) Utilities may establish its baseline emissions using default emission rate factors. All emissions are metric tons of carbon dioxide equivalent as reported to the federal environmental protection agency pursuant to 40 CFR 98, either subpart W (methane) or subpart NN (carbon dioxide), or successor reporting requirements; except that APCD shall use the AR-4 one-hundred-year global warming potential, or any greater successor value determined by the federal environmental protection agency (SB21-264). Colorado Springs Utilities may adjust its future baseline emissions based on empirical data of distribution system methane leakage emissions, provided that:

(A) the measured leakage data utilizes advanced leak detection technologies and approaches, as certified by the Air Pollution Control Division; and

(B) continues to use advanced leak detection technologies and approaches for all future measurement years.

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

- (a) The cost of carbon dioxide emissions shall be based on the most recent social cost of carbon dioxide developed by the federal government, in accordance with the following:

(I) the cost of carbon dioxide emissions starting in 2020, shall not be less than the base cost of \$68.00 per metric ton in 2020 dollars per Colorado House Bill 21-1238;

(II) Utilities staff shall update the social cost of carbon values to the present dollar year for each year after 2020 by applying an escalation rate equal to or



greater than the escalation rates established in the federal technical support document.

- (b) For net present value calculations of the social cost of carbon dioxide emissions, Colorado Springs Utilities shall use a discount rate equal to the lesser of 2.5 percent or the discount rate established by the federal technical support document.
- (c) The cost of methane emissions shall be established by UB based on the values set forth in the federal technical support document or on the federal government's most recent assessment of the global cost of methane as updated to reflect the latest available values derived from peer-reviewed, published studies, in accordance with the following:
  - (I) the social cost of methane emissions, starting in 2020, shall not be less than the base cost of \$1,756 per metric ton in 2020 dollars per Colorado House Bill 21-1238;
  - (II) Utilities staff shall update the annual social cost of methane emissions values to the present dollar year for each year after 2020 by applying an escalation rate equal to or greater than the escalation rates established in the federal technical support document or the addendum to the 2016 federal technical support document if the social cost of methane is not included in the federal technical support document.
- (d) For net present value calculations of the social cost of methane emissions, Utilities shall use a discount rate equal to the lesser of 2.5 percent or the discount rate established by the federal technical support document.

## **CLEAN HEAT PLANS**

### **6. Overview and Purpose**

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

### **7. Definitions**

- (a) "Clean heat plan total period" means the period from the date the clean heat plan application is filed through year 2050, or 20 calendar years, whichever is greater.
- (b) "Clean heat plan action period" means the period beginning the date the plan is filed and extending until December 31st of the fifth year from the filing date.
- (c) "Clean heat plan informational period" means the period from the end of the clean heat plan action period through the end of the clean heat plan total period.

- (d) “Green hydrogen” means hydrogen derived from water and a clean energy resource.
- (e) “Recovered methane credit” means a tradable instrument that represents a greenhouse gas emission reduction or greenhouse gas removal enhancement of one metric ton of carbon dioxide equivalent. The greenhouse gas emission reduction or greenhouse gas removal enhancement must be real, additional, quantifiable, permanent, verifiable, and enforceable. No recovered methane credit may be issued if the greenhouse gas emission reduction or greenhouse gas removal enhancement that the credit would represent is required or accounted for by a proposed or final federal, state, or local rule or regulation.
- (f) “Recovered methane protocol” means a set of procedures and requirements established by the Air Quality Control Commission to quantify ongoing greenhouse gas emission reductions or greenhouse gas removal enhancements achieved by a recovered methane project and to calculate and track the project outcomes.

## **8. Clean Heat Targets**

- (a) Clean heat targets shall align with the statewide greenhouse gas emission reduction goals set forth in § 25-7-102(2)(g), C.R.S.
- (b) Baseline.
  - (I) Utilities shall calculate a baseline level of emissions for calendar year 2015.
  - (II) Utilities shall exclude the emissions of customers, and to the extent practicable identify those customers and their associated load, that report their own greenhouse gas emissions to the United States Environmental Protection Agency under applicable federal law.
  - (III) Utilities shall exclude emissions of customers taking service under Utilities’ transportation tariff adjusted for transportation customers who converted to firm service since year 2015.
  - (IV) Utilities shall exclude emissions from its power plants served by Utilities’ gas distribution system as those emissions are accounted for under Utilities’ Clean Energy Plan.
- (c) Targets.
  - (I) The following clean heat targets apply:
    - (A) four percent reduction in greenhouse gas emissions in calendar year 2025 as compared to a 2015 baseline, of which not more than one percent (one-fourth of the emission reductions required to meet the 2025 target) can be from recovered methane;
    - (B) 22 percent reduction in greenhouse gas emissions in calendar year 2030 as compared to a 2015 baseline, of which not more than five percent (five-twenty seconds of the emission reductions required to meet the 2030

target) can be from recovered methane, unless subparagraph (C) below applies;

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

(II) No later than December 1, 2024, the Air Pollution Control Division, shall determine a mass-based clean heat target for the Utilities clean heat plans for year 2035 using the 2015 baseline.

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

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

## **9. Filing Form and Schedule**

(a) Utilities' clean heat plan shall be filed with the Colorado Air Pollution Control Division using the APCD Workbook

(b) Utilities' clean heat plan application shall:

(I) present a plan to implement clean heat resources throughout the clean heat plan action period;

(II) demonstrate that the clean heat plan will result in greenhouse gas emissions reductions necessary to meet the applicable clean heat targets or show compliance with the cost cap; and

(III) demonstrate that the activities contemplated in the clean heat plan facilitates Utilities' ability to meet future greenhouse gas emission reduction targets.

(c) No later than August 1, 2023, the largest municipal gas distribution utility in Colorado, as determined by the volume of gas sold in Colorado, shall file its first application for approval of a clean heat plan.

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

## **10. Clean Heat Resources**

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

(I) demand side management;

(A) the APCD will ensure that any emissions reductions achieved through gas demand side management programs are appropriately accounted for in accordance with § 25-7-102(2)(g), C.R.S.

(II) recovered methane;

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

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

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

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

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

(III) green hydrogen;

(IV) beneficial electrification programs;

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

(VI) any other technology approved by UB that the UB finds is cost effective and that the Air Pollution Control Division finds it results in a reduction in carbon emissions from the combustion of gas in customer end uses or meets a recovered methane protocol approved by the Air Quality Control Commission.

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

## **11. Clean Heat Plan Application Requirements.**

(a) Initial forecasts.

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

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

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

(C) The greenhouse gas emissions forecast should be based on the latest workbook developed by the Air Pollution Control Division,

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

(b) Portfolios

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

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

(B) at least one portfolio shall meet the clean heat target regardless of the annual retail cost impact of such portfolio;

(C) Utilities may present other alternative portfolios;

(D) Utilities shall identify a preferred portfolio that best balances, given the information available, the goals of maintaining just and reasonable rates, maintaining system safety, reliability, and resiliency, protecting disproportionately impacted communities, and contribution to statewide progress on meeting the greenhouse gas emission reduction goals established in § 25-7-102(2)(g), C.R.S.,

(c) Portfolio forecasts.

(I) For each portfolio presented, Utilities shall provide the forecasts updated to include the set of actions proposed in the respective portfolio for each year of the clean heat plan action period and every fifth year during the clean heat plan informational period.

(d) Components of a portfolio.

(I) For each portfolio presented, Utilities shall provide, on a portfolio basis:

(A) identification of the proposed clean heat resources;

(B) the annual and total cost for implementing the portfolio;

- (C) the annual and total cost for implementing the portfolio in income-qualified or disproportionately impacted communities;
- (D) the annual and cumulative projected greenhouse gas emissions and reduction in emissions from the baseline emission level;
- (E) an analysis of the retail cost impact; and
- (F) a description of the effects of the proposed actions and investments in the portfolio on the safety, reliability, and resilience of Utilities' gas service.

(II) For each portfolio presented, Utilities shall quantify, as practicable, on a clean heat resource category basis:

- (A) the annual and total cost for each clean heat resource category;
- (B) the proportion of programs that benefit disproportionately impacted communities, or customers who meet the requirements for income-qualified programs.

(e) Green hydrogen.

(I) If one or more proposed portfolios include green hydrogen as a clean heat resource, Utilities shall present an analysis demonstrating its distribution system can safely carry the expected concentrations and volumes of hydrogen, the locations of the system where the green hydrogen is intended to be introduced and transported. Utilities will also present a plan to monitor and verify the impact of injecting and transporting hydrogen over time to ensure the continued safety and reliability of the system.

(f) Cost Recovery.

(I) Utilities may propose a rate adjustment that provides for recovery of Utilities' clean heat plan costs, or any costs incurred to meet additional emission reduction requirements under § 25-7-105(1)(e)(X.7), C.R.S.

(II) Utilities shall identify any actions to align Utilities' cost recovery with statewide policy goals, including reducing greenhouse gas emissions, minimizing costs, and minimizing risks to customers.

## **12. Approval of a Clean Heat Plan.**

(a) The UB shall approve a clean heat plan, including the associated forecasts if it finds the plan to be in the public interest.

(b) In evaluating whether the clean heat plan is in the public interest, the UB shall consider the following factors:

(I) whether the plan achieves the clean heat targets using clean heat resources that, in aggregate, maximize greenhouse gas emission reductions based on the APCD estimates of emissions reductions;

(II) whether the plan can be implemented at the lowest reasonable cost and rate impact, considering savings to customer bills resulting from investments made

pursuant to the plan. In determining the reasonableness of the cost and the cost impact, UB shall consider:

(A) fuel costs;

(B) non-fuel direct investment associated with the clean heat plan.

(III) whether the plan provides air quality and environmental benefits in addition to the greenhouse gas emission reductions;

(IV) whether Utilities has demonstrated the investments in the clean heat plan prioritize serving customers participating in income-qualified programs and communities historically impacted by air pollution and other energy-related pollution;

(V) whether the plan presents risks to Utilities' customers, including the risk of market volatility and the risk of stranded investment costs; and

(VI) whether the plan maintains system safety and reliability.

(c) Colorado Springs City Council may approve a utility's proposed rate adjustment clause or structure that allows for current recovery of Utilities' clean heat plan costs.

(d) Utilities may recover the prudently incurred costs associated with actions under an approved clean heat plan or other actions to meet any additional emission reduction.

### **13. Interim Clean Heat Plan Reporting**

(a) By March 31 in all calendar years that a clean heat plan application is not submitted, Utilities shall submit to the APCD an annual clean heat plan report that shows, pursuant to its approved clean heat plans:

(I) the annual greenhouse gas emissions consistent with the APCD Workbook, and a description of any significant deviations from the emissions reductions anticipated by project or program based on Utilities' most recently approved clean heat plan;

(II) the actual greenhouse gas emissions reduced or avoided for each clean heat resource category as calculated consistent with the most recent methodology developed by the Air Pollution Control Division, and a description of any significant deviations from the emissions reductions anticipated by project or program based on Utilities' most recently approved clean heat plan;

(III) the actual emission reductions and corresponding recovered methane credits as well as a statement or certification from Utilities that any recovered methane credits were retired in the year generated;

(IV) an update to the forecasts provided in the APCD Workbook.

- (b) Utilities may request a revision to an existing, approved clean heat plan, as necessary, to improve its opportunity of achieving future clean heat targets or otherwise fulfill the purpose of these clean heat plan rules.
- (c) Utilities shall submit the annual clean heat plan reports required by the APCD.

## **DEMAND SIDE MANAGEMENT**

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

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

### **14. Definitions**

The following definitions apply.

- (a) “Amortization” means the systematic spreading of expenditures or capital costs incurred for DSM programs, through regular accounting entries over a specified time period.
- (b) “Benefit/cost ratio” means the ratio of the net present value of benefits to the net present value of costs, as calculated using the modified TRC test.
- (c) “Cost effective” means a benefit/cost ratio of greater than one.
- (d) “Demand side management” (DSM) means the implementation of programs or measures which serve to shift or reduce the consumption of, or demand for, gas.
- (e) “Discount rate” means the interest rate used in determining the present value of future cash flows of DSM costs and benefits, for both forecasted and actual cash flows. The forecasted DSM costs and benefits are used to estimate the cost effectiveness of DSM measures to develop a cost-effective DSM portfolio. The actual DSM costs and benefits, which are the actual costs of the program and the documented energy savings, are used to determine net economic benefits. Discount rate shall be Utilities’ weighted average cost of capital (WACC).



- (f) “DSM education” means a program that contributes indirectly to a cost-effective DSM program by promoting customer awareness and participation in a DSM program. This education may or may not include an energy audit.
- (g) “DSM measure” means an individual component or technology that shifts or reduces the consumption of, or demand for, gas, such as attic insulation or replacement of equipment.
- (h) “DSM period” means the effective period of a DSM plan.
- (i) “DSM plan” means the DSM programs, goals, and budgets over a specified DSM period, generally considered in one-year increments, as may be proposed by Utilities.
- (j) “DSM program” means any of the following programs or combination of programs: energy efficiency, including weatherization and insulation; conservation; load management; beneficial electrification; demand response; DSM education targeted at market transformation; programs to influence wholesale and retail supply chains, and services offered to customers to reduce gas usage.
- (k) “Energy efficiency program” see DSM program.
- (l) “Market transformation” means a strategy for influencing the adoption by consumers of new techniques or technologies. The objective is to overcome barriers within a market through coordinating tactics such as education, training, product demonstration and marketing, often conducted in concert with rebates or other financial incentives.
- (m) “Modified Total Resource Cost test” or “modified TRC test” means an economic cost effectiveness test used to compare the net present value of the benefits of a DSM program or measure over its useful life, to the net present value of costs of a DSM measure or program for the participant and Utilities consistent with § 40-1-102(5), C.R.S. (2023).
- (n) “Net economic benefits” means the net present value of all benefits in the modified TRC test, as applied to Utilities’ portfolio of DSM programs, less the net present value of the costs in the modified TRC test associated with that same portfolio Including for electrification the cost of additional power generation, electric transmission and distributions costs and homeowner expenses including appliances and internal electrical wiring capacity.
- (o) “Savings target(s)” refers to the energy and demand savings levels approved in a DSM plan, measured at the customer meter.

## **15. DSM Plan**

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

- (a) Utilities' estimated gas energy savings and avoided greenhouse gas emissions over the lifetimes of the measures implemented in a given annual DSM program period, expressed in dekatherms per dollar of expenditure, and presented for each DSM program;
- (b) the anticipated units of energy to be saved annually by a given annual DSM program, which equals the product of the proposed expenditure target and proposed savings target; this product is referred to herein as the energy target;
- (c) anticipated design day peak demand savings, as applicable to individual DSM programs and to the portfolio as a whole;
- (d) Utilities shall include in its DSM plan data and information sufficient to describe the design, implementation, and cost effectiveness of the DSM programs. Such data and information shall include, at a minimum, program budgets delineated by year, estimated participation rates and program savings (in terms), and the greenhouse gas emissions avoided from each program; and
- (e) Utilities shall provide the following information detailing how it developed its proposed DSM program:
  - (I) a comprehensive list of DSM measures that Utilities is proposing for inclusion in its DSM plan;
  - (II) a forecast of proposed DSM programs for Utilities' service territory in terms of, customer classes, anticipated participation rates (as a number and a percent of the market), estimated energy savings and cost effectiveness;
  - (III) a ranking of proposed DSM programs, from greatest value and potential to least;
  - (IV) proposed marketing strategies to promote participation based on industry best practices;
  - (V) calculation of cost effectiveness of the proposed DSM programs using a modified TRC test; and
  - (VI) any relevant data and emissions accounting methodologies developed by the Air Pollution Control Division regarding methane leakage rates and the appropriate global warming potential of methane, for the purpose of calculating the cost of methane emissions.
- (f) In its DSM plan, Utilities shall address how it proposes to prioritize DSM services and programs for income-qualified customers and customers in disproportionately impacted communities.
  - (I) Utilities may propose one or more DSM programs for income-qualified customers or customers in disproportionately impacted communities that yield a modified TRC test value below 1.0.

(II) Per UB Governance of Excellence, Utilities shall dedicate no less than 10 percent of annual residential DSM expenditures shall be targeted on one or more DSM programs or measures for income-qualified residential customers.

(g) Utilities shall propose a budget supporting its' DSM Programs detailing the overall DSM plan and for each program for each year and shall be categorized into:

(I) Direct to customer costs; and

(II) Other program costs.

(h) For the purposes of calculating and reviewing a modified TRC, the following components shall be included. Forecasted DSM costs and benefits are used to estimate the cost-effectiveness of DSM measures to develop a cost-effective DSM portfolio.

(I) Benefits shall include, but are not limited to, as applicable: the utility's avoided transmission and distribution capital cost savings associated with reductions or limited growth in design day peak demand; energy costs; the participant's avoided operating and maintenance costs; the valuation of avoided greenhouse gas emissions; and non-energy benefits. The valuation of avoided greenhouse gas emissions shall include the social cost of carbon dioxide and the social cost of methane.

(II) Costs shall include utility and participant costs. For comparative purposes, in addition to this base case calculation of cost-effectiveness, Utilities may also provide a case that does not include the social costs of carbon dioxide and methane. Forecasted DSM costs and benefits are used to estimate the cost effectiveness of DSM measures to develop a cost-effective DSM portfolio.

## **16. Annual DSM Report**

Utilities shall provide UB with an annual DSM Report

(a) In the annual DSM report, Utilities shall describe its actual DSM programs as implemented. For each DSM program, documenting actual program expenditures, energy savings, peak demand reduction because of energy efficiency programs, peak demand reduction as a result of specific demand reduction programs, avoided greenhouse gas emissions, participation levels and cost effectiveness.

(b) Annual program expenditures shall be separated into cost categories contained in the approved DSM plan.

(c) For each DSM program, Utilities shall compare the program's proposed and actual expenditures, energy and demand savings, participation rate, avoided greenhouse gas emissions, and cost-effectiveness; in addition, Utilities shall prepare an assessment of the success of the program and list any suggestions for improvement and greater customer involvement.

(d) Utilities shall provide benefit/cost results for the overall DSM plan and individual DSM programs implemented during the plan year.

- (e) The annual DSM report shall contain the level of greenhouse gas emissions reductions from DSM programs that qualify as a clean heat resource, reported in levels of carbon dioxide, methane, and carbon dioxide equivalents as well as a report of DSM measures approved as part of a clean heat plan.

**17. Funding**

- (a) Utilities may spend a disproportionate share of total expenditures on one or more classes of customers, provided, however, that cost recovery for programs directed at residential customers are to be collected from residential customers only and that cost recovery for programs directed at nonresidential customers are to be collected from nonresidential customers only,
- (b) Utilities may recover its DSM program expenditures either through expensing or by adding DSM program expenditures to base rates All prudently incurred expenditures for Utilities' portfolio of DSM programs are recoverable.

# 2023 Demand Side Management Programs & Services



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

# **TABLE OF CONTENTS**

---

**Executive Summary**

**Budget & Savings**

**Objectives**

**Residential Programs & Services**

**Business Programs & Services**

# EXECUTIVE SUMMARY

---

Colorado Springs Utilities offers electric and natural gas demand side management solutions for business and residential customers to save money, use less energy, and contribute to a sustainable future.

Demand side management (DSM) is a strategy that enables utilities to influence the time and use of energy, demand, or carbon intensity of customer activities. DSM programs can include energy efficiency, demand response, renewable energy systems, energy storage, and decarbonization measures. DSM measures can reduce the need for peak capacity, energy generation, and purchase costs which equates to customers saving money.

In 2021, the Colorado General Assembly passed requirements for natural gas distribution utilities to reduce greenhouse gas emissions by 4% by 2025 and 22% by 2030, using year 2015 as a baseline. As a natural gas distribution utility, Colorado Springs Utilities (Springs Utilities) is required to file a Clean Heat Plan beginning in 2023, outlining methods to meet these targets using a mix of supply side and demand side resources. These “clean heat resources” can include energy efficiency programs, recovered methane, green hydrogen, and beneficial electrification.

Springs Utilities offers natural gas demand side management programs that provide greenhouse gas emissions savings (avoided CO<sub>2</sub> emissions) eligible towards Clean Heat Plan (CHP) targets. These programs are scalable and can be compared against supply side clean heat resources for cost-effectiveness on a cost per metric ton of CO<sub>2</sub> (\$/MT CO<sub>2</sub>) basis.

Current DSM programs eligible to contribute towards the Clean Heat Plan:

- Builder Incentive Program
- Engineering Design Assistance
- HVAC Equipment Rebates
- Water Heater Rebates
- Home Efficiency Assistance Program (HEAP)
- Insulation & Air Sealing Rebates
- Smart Thermostat Rebates



The clean heat resources in Springs Utilities’ Clean Heat Plan are currently being evaluated. Demand side management programs are a cost-effective way to reduce greenhouse gas emissions and are a valuable CHP resource.



# DSM BUDGET & FORECAST SAVINGS

2023 DSM Plan		2023 Budget	2023 Demand Reduction (MW)	Lifetime Electric Energy Savings (MWh)	Lifetime Gas Energy Savings (Dth)	Lifetime Avoided CO2 Emissions (MT CO2)	Levelized Cost of Energy Savings (\$/MWh, \$/Dth)	Levelized Cost of Avoided Emissions (\$/MT CO2)
<b>Electric</b>								
Residential	Electric Efficiency Product Promo	\$ 19,042	0.1	3,538	0	-	6.96	-
	Home Efficiency Assistance Program	\$ 96,582	0.01	2,120	0	-	45.55	-
	Peak Energy Rewards	\$ 356,100	1.7	0	0	-	0	-
	Refrigerator & Freezer Recycling Rebate	\$ 35,771	0.01	581	0	-	67.64	-
Business	Energy Custom Rebate	\$ 100,000	0.18	5,920	0	-	18.56	-
	Building Retro-Commissioning	\$ 85,000	TBD	TBD	TBD	-	TBD	-
	High Efficiency Air Cooling	\$ 180,000	0.68	26,627	0	-	7.25	-
<b>Electric Total</b>		<b>\$ 872,495</b>	<b>2.70</b>	<b>38,787</b>	<b>0</b>	<b>-</b>		<b>-</b>
<b>Natural Gas</b>								
Residential	HVAC Equipment Rebate	\$ 45,640	0	0	34,844	1,684	1.28	24.36
	Water Heater Rebate	\$ 19,975	0	0	12,461	396	2.18	57.37
	Home Efficiency Assistance Program	\$ 1,215,889	0	0	95,150	5,050	12.90	242.99
	Insulation & Air Sealing Rebate	\$ 70,910	0	65	174,228	9,255	0.46	8.72
	Smart Thermostat Rebate	\$ 104,088	0	1,033	65,312	3,767	2.24	38.87
	WaterSense Showerhead Exchange	\$ 13,065	0	1,115	40,795	2,490	0.37	5.99
Business	Builder Incentive Program	\$ 569,727	0	2,371	394,368	21,309	1.52	28.04
	Engineering Design Assistance	\$ 85,000	TBD	TBD	TBD	TBD	TBD	TBD
	WaterSense Showerhead Rebate	\$ 5,000	0	236	8,618	526	0.80	13.04
<b>Natural Gas Total</b>		<b>\$ 2,129,294</b>	<b>0</b>	<b>4,819</b>	<b>825,777</b>	<b>44,477</b>		
<b>General &amp; Administrative</b>		<b>\$ 118,319</b>						
<b>Home Efficiency Assistance Program (Water)</b>		<b>\$ 227,079</b>						
<b>TOTAL</b>		<b>\$3,347,187</b>	<b>2.8</b>	<b>43,605</b>	<b>825,777</b>	<b>44,477</b>	<b>\$11.95/MWh</b> <b>\$2.56/Dth</b>	<b>\$48.05</b>

New programs or program features.

Note: Building Control Systems and Engineering Design Assistance are new programs for 2023. Deemed savings begin in 2024.







Discontinued for 2023:

- Electric Dryer Rebate
- Holiday Lighting Exchange
- Renewable Energy Rebate
- Business Lighting Rebate



# OBJECTIVES

---

-  **Electric Energy Efficiency** 288,700 MWh cumulative annual reduction by 2030
-  **Gas Energy Efficiency** 656,600 Dth/hr cumulative annual peak reduction by 2030
-  **Demand Reduction**  
62 MW Demand Response capacity by 2030  
40 MW firm reduction from energy efficiency 2030 timeframe
-  **Decarbonization**  
80% Electric Source Emissions Reduction by 2030  
22% Natural Gas Emissions Reduction by 2030  
+Statewide goals for electrified transportation
-  **Resiliency** 5 MW Distributed Energy Storage 2030 timeframe
-  **Equity**  
10% of DSM funding to HEAP Low-income program  
+Variety of programs offered to customers

DSM objectives are determined during the Electric & Natural Gas Integrated Resource Planning.

# RESIDENTIAL PROGRAMS & SERVICES

## PRESCRIPTIVE REBATES

---

HVAC Equipment  
Water Heaters  
Insulation & Air Sealing  
Refrigerator & Freezer Recycling  
Smart Thermostats

## DEMAND RESPONSE

---

Peak Energy Rewards

## INCOME QUALIFIED

---

Electric Efficiency Product Promo  
Home Efficiency Assistance Program (HEAP)

## EXCHANGE SERVICE

---

WaterSense Showerhead Exchange

Since about 50% of your energy can be used for space heating and cooling, having an HVAC system that works effectively and efficiently is smart.

Furnaces bearing the ENERGY STAR® mark perform up to 15% more efficiently than baseline models, which translates into valuable energy savings, cost savings and a reduction in greenhouse gases.

## OBJECTIVES



Natural Gas Energy Efficiency



Decarbonization

If you are considering installing an air conditioner, or need to replace an old unit, an air source heat pump (ASHP) is a great option. An ASHP is an air conditioner with a reversing valve, so it can provide both heating and cooling for your home. Using an ENERGY STAR® air source heat pump in conjunction with a furnace, can save energy and money because it is approximately four times more efficient than a standard furnace during warmer winter months.



If you are considering installing an air source heat pump as the primary heating source in your home, a great option is a cold climate air source heat pump (ccASHP). A ccASHP has the efficiency benefits of a standard air source heat pump without the need for back up heat because it continues to run efficiently as the temperatures decrease below 0°F.



### ENERGY STAR® Heat Pump

\$500 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Ducted Heat Pumps](#)

[ENERGY STAR® Certified Ductless Heat Pumps](#)

### Cold Climate Heat Pump

\$1,000 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- RBD permit required for quality installation.
- Must be NEEP qualified.

[Northeast Energy Efficiency Partnerships \(NEEP\) Product List](#)

### ENERGY STAR® Furnace

\$250 Rebate

- Open to natural gas customers.
- Retrofit applications only.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Natural Gas Furnaces](#)



**SCAN for more INFO**

Water heaters use about 20% of your home's energy. That equates to more energy than your refrigerator, dishwasher, clothes washer, and dryer combined!

If your water heater is more than 10 years old, you may want to consider a new one. Today's ENERGY STAR® certified models have better insulation and more efficient burners, which means improved energy efficiency that reduces the drain on your wallet.

## OBJECTIVES



Natural Gas Energy Efficiency



Decarbonization

Save even more with a heat pump water heater (HPWH) – commonly referred to as Hybrid Electric water heaters. HPWHs use a hybrid system that reliably and efficiently produces hot water in both warm and cold climates.



ENERGY STAR® gas storage water heaters use about 10% less energy compared to standard gas water heaters.



ENERGY STAR® heat pump water heaters are up to 4 times more efficient and use 70% less energy than a standard model.

### Hybrid Heat Pump Water Heater

\$200 Rebate

- Open to electric and natural gas customers.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Hybrid Heat Pump Water Heaters](#)

### Natural Gas Storage Water Heater

\$50 Rebate

- Open to natural gas customers.
- RBD permit required for quality installation.
- Must be ENERGY STAR® certified.

[ENERGY STAR® Certified Gas Storage Water Heaters](#)



**SCAN for more INFO**

Proper insulation and air sealing will ensure you are getting the most from efficiency improvements like a new HVAC system or window upgrades. And, since 50% of your energy bill can go toward heating and cooling, creating an envelope for your home will seal the deal when it comes to savings.

## OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

Insulation comes in a variety of forms including fiberglass batts, loose fill cellulose, and open and close cell foams. Each material has a different R-value assigned to it, which is the material's resistance to heat flow. The higher the R-value number indicates the insulation is more effective at keeping the home cool in the summer and warm in the winter.



Air sealing is discovering all the nooks and crannies that allow air to leak in and out of the home and sealing them up! Gaps and open seams can form along the edges of doors and windows and even around the can lights in your ceiling.



### Attic Insulation & Air Sealing

40% of installation cost up to \$200 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- Attic insulation must include bypass air sealing.
- Attic insulation R-value must be R49 and above.

### Wall Insulation

40% of installation cost up to \$200 Rebate

- Open to electric and natural gas customers.
- Retrofit applications only.
- Wall insulation R-value must be R13 and above.

**For best results, combine  
AIR SEALING with  
insulation projects!**



**SCAN for more INFO**

# Refrigerator & Freezer Recycling Rebate

Colorado Springs Utilities has teamed up with ARCA Recycling to offer free, haul-away refrigerator and freezer recycling services to customers. ARCA Recycling is a recognized Responsible Appliance Disposal partner and ensures proper disposal of old refrigerated appliances using environmental best practices.

The recycling program promotes energy savings through the retirement of inefficient refrigerators and freezers by encouraging customers to recycle the previously used refrigerator instead of keeping it as a secondary unit or rehoming to another household.



## Refrigerator & Freezer Recycling

\$50 Rebate

- Open to electric customers.
- Appliance must be:
  - 10 to 32 cubic feet in size
  - Operable, empty, and accessible
  - Recycled by ARCA Recycling

Schedule a pickup by calling (888) 540-5931 or complete the online form at [arcaincutility.com/CO/Colorado-Springs-Utilities](http://arcaincutility.com/CO/Colorado-Springs-Utilities)

## OBJECTIVES



Electric Energy Efficiency

## Environmental Concerns

Refrigerators and freezers may contain hazardous materials that require proper and safe disposal. Many household refrigerators manufactured before 1995 contain chlorofluorocarbon (CFC) refrigerant that is considered an ozone-depleting substance. Some Insulating foams and other hazardous components can be environmental concerns and should be handled carefully during the recycling and disposal process.



## ARCA Recycling

888-540-5931

Participant of the Environmental Protection Agency's Responsible Appliance Disposal (RAD) program for 13 years.

## Responsible Appliance Disposal (RAD)

RAD is a voluntary Environmental Protection Agency program that partners with utilities, retailers, manufacturers, and state and local government entities to dispose of old refrigerated appliances using environmental best practices beyond federal requirements.



**SCAN for more INFO**

Boost the brainpower of your home when you install a smart thermostat. Smart thermostats track use and temperature data so you can get smart about your usage. Adjust temperature settings remotely with a tap on your smartphone screen or create a schedule for your system and let the thermostat do all the work.

## OBJECTIVES



Electric Energy Efficiency

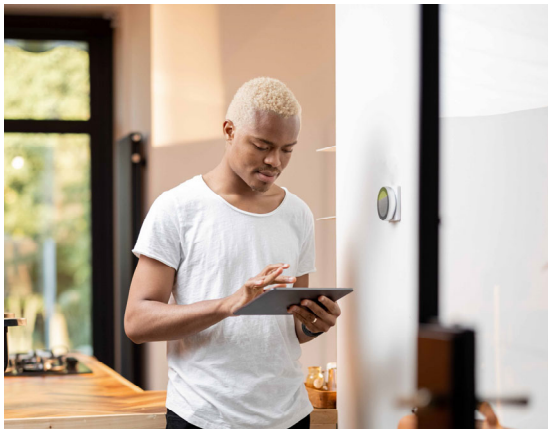


Natural Gas Energy Efficiency



Decarbonization

Smart thermostats can have a variety of features to help you save money and stay comfortable in your home. Some enable you to adjust the temperature in your home from anywhere through wi-fi connectivity. Others detect when you have left for the day to setback your HVAC system, and automatically adjusts the temperature so you return to a comfortable home.



Many smart thermostats learn temperature preferences and establish a schedule that automatically adjusts to energy-saving settings. They can also alert to power outages, when it is time to change the air filter, and sudden changes in temperature which could indicate a problem.



**SCAN for more INFO**



### Smart Thermostat

\$50 Rebate

- Open to electric and natural gas customers.
- Must be ENERGY STAR® certified.

## TIP

Bundle the smart thermostat rebate with the Peak Energy Rewards program and receive even more!

### Peak Energy Rewards

Customers with a wi-fi connected smart thermostat can enroll in the Peak Energy Rewards demand response program and receive a \$50 enrollment bill credit plus a \$25 bill credit each year they participate in the program.

Eligible Thermostat Providers:

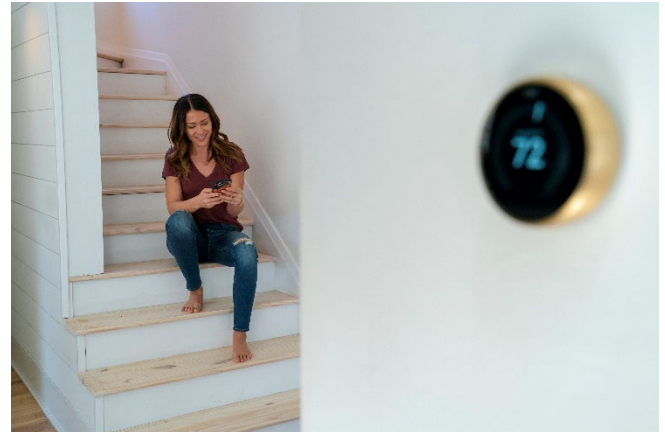
- Alarm.com
- ecobee
- Emerson
- Honeywell Home
- Lux
- Google Nest
- Radio Thermostat
- Vivint

See additional Peak Energy Rewards program information and Frequently Asked Questions at [enrollmythermostat.com/faqs/springsutilities](https://enrollmythermostat.com/faqs/springsutilities).

# Peak Energy Rewards

The Peak Energy Rewards program is a voluntary program for residential and business electric customers who have eligible smart thermostats connected to their central air conditioning.

When summer temperatures climb, demand for electricity increases and can cause strain on the grid. The Peak Energy Rewards program is designed to help reduce energy use during times of high energy demand.



## OBJECTIVES



Demand Reduction

Participants agree to brief adjustments of four degrees or less to their thermostat(s) during peak electric demand periods from May 1 through Sept. 30. Adjustments to their thermostat typically last no more than four hours and will not occur on weekends or holidays, except in the event of a system emergency.



Colorado Springs Utilities has partnered with Energy Hub to enroll and aggregate customers for demand response events. Springs Utilities schedules events on hot summer days when the community's energy use is at its highest. These events help increase system reliability and keep electric costs lower for everyone.

### Peak Energy Rewards

\$50 bill credit to enroll in the program

PLUS

\$25 annual bill credit for participation

- Open to electric customers.
- Must have an ENERGY STAR® certified smart thermostat.
- Thermostat must be used to control central air conditioning.

#### Eligible Thermostat Providers:

- Alarm.com
- ecobee
- Emerson
- Honeywell Home
- Lux
- Google Nest
- Radio Thermostat
- Vivint



**SCAN for more INFO**



The Electric Efficiency Product Promo (EPPP) program promotes electric energy efficiency and equity by providing LED lightbulbs at no cost to income qualified customers to improve the energy savings on their utility bills.

## OBJECTIVES



Electric Energy Efficiency



Equity



This program uses several pathways to distribute the LED lightbulbs. Four LED lightbulbs are included in each Energy and Water Savings kit provided to key community partners for distribution. The LED bulbs are also installed in customer homes through support requests that aid:

- Brothers Redevelopment
- Colorado Springs Housing Authority
- Concrete Couch
- Family Life Services
- Greccio Housing
- Habitat for Humanity
- Homeward Pikes Peak
- Ithaka Housing
- Partners in Housing
- Public Exchange
- Rocky Mountain Community Land
- Salvation Army
- Silver Key



### Energy and Water Savings Kit





- 4 LED lightbulbs
- 2 high-efficiency showerheads
- 2 bathroom faucet aerators
- 1 kitchen faucet aerator

Energy and Water Savings kits are provided to community partners for distribution. Key partners in 2022 included:

- Atlas Prep Middle School
- Centennial Elementary School
- LEAP Customers
- Meadows Community Center
- Mt. Carmel
- PPLD – East Branch
- PPLD – Ruth Holly
- PPLD – Sand Creek
- Salvation Army
- Silver Key
- Southern Colorado Health Network
- United Way Family Success Center
- Warriors Warehouse
- Westside Community Center

The Home Efficiency Assistance Program (HEAP) is the major contributor to the board requirement of 10% DSM budget allocated to the lower income demographic. The program works with the Energy Resource Center to provide efficiency services to income qualified homeowners' homes. The efficiency services support all four services by helping to reduce the utility burden on our customers and the energy and water needs of our community.

## OBJECTIVES

-  Electric Energy Efficiency
-  Natural Gas Energy Efficiency
-  Decarbonization
-  Equity

### To qualify, a customer must

- Own the property they live in.
- Reside in a single-family home, townhouse, condo, multifamily unit (duplex or fourplex) or mobile/modular/manufactured home.
- Have a household gross income less than 60% of the state median income.



**SCAN for more INFO**



HEAP provides many durable upgrades to income qualified homeowners that improve the efficiency of all utility services in the home. The primary benefactor is gas, through improvements in insulation, heating, safety, and water with replacement toilets, showerheads and faucets, electricity and wastewater are also impacted to provide full-service efficiency gains.

### HEAP Services

- Home efficiency audit
- Insulation in attic, wall, underfloor and foundation
- Air sealing on doors, wall penetrations and ceilings
- Furnace maintenance, replacement, or conversion to heat pump
- Water heater maintenance, replacement, or conversion to heat pump
- LED lighting
- Refrigerator replacement
- Toilet replacement
- Showerhead and faucet nozzle replacement
- Smart thermostat installation
- Electric kettles and passive clothes drying racks
- Smoke and carbon monoxide alarms
- Efficiency education




# WaterSense Showerhead Exchange

Efficient showerheads save water, but today's models also do an excellent job saving energy by reducing demand on your water heater. All in all, you can save more than 60% of the water and energy you used before installing your new showerhead.

Colorado Springs Utilities offers a free showerhead exchange program to residential customers.



## OBJECTIVES

-  Electric Energy Efficiency
-  Natural Gas Energy Efficiency
-  Decarbonization

A standard 2.5 gallon per minute (gpm) showerhead used for two ten-minute showers daily will use 17,750 gallons of heated water per year. Heating that water costs \$130. A similarly used WaterSense high-performance showerhead using between 1.5 and 2 gpm will save 3,550 to 7,100 gallons of heated water per year. This will save \$30 to \$50 per year in gas water heating costs. Together with the savings in water and wastewater, each showerhead can save \$50 to \$100 per year!



### WaterSense Showerhead Exchange

Up to 2 Niagara Earth Showerheads

Residential customers may bring up to two old showerheads to our Conservation & Environmental Center and swap them for two new Niagara Earth Showerheads (1.5 gal/minute) at no cost.

[Learn more about Niagara Earth Showerheads](#)

**One WaterSense  
showerhead can save a  
considerable amount of  
energy!**



**SCAN for more INFO**

# BUSINESS PROGRAMS & SERVICES

## PERFORMANCE REBATES

---

Commercial Building Efficiency

- Building Retro-Commissioning
- Engineering Design Assistance

Custom Energy Rebate

## PRESCRIPTIVE REBATES

---

Refrigerator & Freezer Recycling

Smart Thermostat

WaterSense Showerhead

## INCENTIVES

---

Builder Incentive Program

## MIDSTREAM

---

High Efficiency Air Cooling

The Commercial Building Efficiency program consists of two components: Building Retro-Commissioning for existing commercial buildings and Engineering Design Assistance to target efficiency measures for new construction projects. The objective of this program is to enable business customers to make long-term cost-effective energy decisions.

## Energy Performance for Buildings

House Bill 21-1286 or the “Energy Performance for Buildings” statute established benchmarking requirements and emission reduction targets for buildings 50,000 square feet and larger. The statute requires a greenhouse gas emissions reduction of 7% by 2026 and 20% by 2030 from a 2021 building energy use baseline.

The Colorado Energy Office developed recommendations for the Air Quality Control Commission to consider when developing the Building Performance Standards (BPS). The BPS will be used to achieve the reduction targets set in House Bill 21-1286.

The primary pathway to meet the Building Performance Standards includes energy efficiency and electrification of 80% of building space and water heating, and secondary pathways include renewables, partial electrification and demand response and flexibility.

To empower building owners to meet to the statute and make energy efficiency improvements to their buildings, Springs Utilities will offer engineering design assistance, building control systems, building retro-commissioning, and small business audits to assess potential energy saving measures and performance-based rebates.

## OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

## Small Business Audits

For buildings 50,000 square feet and smaller, Springs Utilities will provide energy audits to small business customers in-house to assess potential energy saving measures on a case-by-case basis.

## Engineering Design Assistance

Engineering Design Assistance aims to enable commercial customers to participate in demand response savings and implement future grid interactive buildings by capturing efficiency improvements and whole building strategies during the design phase of new construction (this includes large additions and major renovations to existing buildings). This program is designed to enable large projects with ambitious energy goals for buildings 50,000 square feet and larger. Springs Utilities will partner with a third-party implementer to provide design assistance to implement energy saving measures that reduce electric and gas usage in the building. This in turn will lower the demand and energy requirements for the utility for the next 10-20 years by locking in savings through measures and controls that would not otherwise be implemented.

## TIP

Building Retro-Commissioning may be a good fit for business customers pursuing the Energy Efficiency Commercial Buildings deduction in section 13303 of the Inflation Reduction Act.

## Building Retro-Commissioning

Building Retro-Commissioning aims to help commercial customers achieve demand and energy savings through building control systems and building retro-commissioning of buildings 50,000 square feet and larger. It focuses on existing commercial buildings with complex heating, ventilation, and air conditioning (HVAC) systems. Springs Utilities will partner with a third-party implementer to provide design assistance and performance-based rebates to help alleviate the first cost and market barriers associated with many energy efficiency measures.

QR CODE  
Placeholder

**SCAN for more INFO**

# Custom Energy Rebate

The Custom Energy Rebate program offers incentives to customers that may have unique equipment or processes that do not fit into standard rebate offerings.

This program enables Springs Utilities to respond to new or evolving technologies by partnering with a customer to provide opportunities to learn the effects of the technology on Utilities system, how the customer uses the technology, and, if applicable, how to structure a standard rebate program offering for the technology.



## OBJECTIVES



Electric Energy Efficiency

### Custom Energy Success Story!

A customer has been operating in Colorado Springs for many years. This company has an energy intensive legacy piece of equipment and the building operators have identified energy savings measures, but year after year the requested upgrades are denied in favor of a more profitable division in the company. The customer was able to partner with Springs Utilities through the Custom Energy Rebate program to upgrade the antiquated systems to more energy efficient systems. The upgrades removed 156 kW and over 1,000,000 kWh from the electrical distribution system!



### Equipment that may qualify:

Any equipment where there is a low cost/low efficiency option and a higher cost/higher efficiency option for replacement of existing equipment, such as:

- High efficiency compressed air systems
- Water cooled chillers
- Refrigeration
- High-efficiency process equipment

### Requirements

- Open to electric and natural gas customers.
- Pre-approval and pre-inspection are required on all projects.
- Projects require a Measurement & Verification (M&V) process to determine the actual savings and rebate amount.

### Future Development

The Custom Energy Rebate program previously explored electric energy efficiency measures due to the affordable cost of natural gas. With recent House Bill 21-1286 requiring buildings to reduce greenhouse gas emissions, the program will investigate gas energy efficiency measures such as commercial kitchen equipment to save energy and reduce emissions.



**SCAN for more INFO**

# Refrigerator & Freezer Recycling Rebate

Colorado Springs Utilities has teamed up with ARCA Recycling to offer free, haul-away refrigerator and freezer recycling services to customers. ARCA Recycling is a recognized Responsible Appliance Disposal partner and ensures proper disposal of old refrigerated appliances using environmental best practices.

The recycling program promotes energy savings through the retirement of inefficient refrigerators and freezers by encouraging customers to recycle the previously used refrigerator instead of keeping it as a secondary unit or rehoming to another household.

## OBJECTIVES



Electric Energy Efficiency

### Environmental Concerns

Refrigerators and freezers may contain hazardous materials that require proper and safe disposal. Many household refrigerators manufactured before 1995 contain chlorofluorocarbon (CFC) refrigerant that is considered an ozone-depleting substance. Some Insulating foams and other hazardous components can be environmental concerns and should be handled carefully during the recycling and disposal process.



### Refrigerator & Freezer Recycling

\$50 Rebate

- Open to electric customers.
- Appliance must be:
  - 10 to 32 cubic feet in size
  - Operable, empty, and accessible
  - Recycled by ARCA Recycling

Schedule a pickup by calling (888) 540-5931 or complete the online form at [arcaincutility.com/CO/Colorado-Springs-Utilities](http://arcaincutility.com/CO/Colorado-Springs-Utilities)



### ARCA Recycling

888-540-5931

Participant of the Environmental Protection Agency's Responsible Appliance Disposal (RAD) program for 13 years.

### Responsible Appliance Disposal (RAD)

RAD is a voluntary Environmental Protection Agency program that partners with utilities, retailers, manufacturers, and state and local government entities to dispose of old refrigerated appliances using environmental best practices beyond federal requirements.



**SCAN for more INFO**

Boost the brainpower of your business when you install a smart thermostat. Smart thermostats track use and temperature data so you can get smart about your usage. Adjust temperature settings remotely with a tap on your smartphone screen or create a schedule for your system and let the thermostat do all the work.

## OBJECTIVES



Electric Energy Efficiency

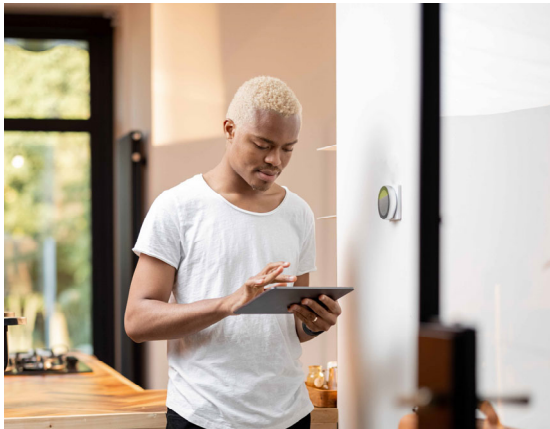


Natural Gas Energy Efficiency



Decarbonization

Smart thermostats can have a variety of features to help you save money and stay comfortable in your home. Some enable you to adjust the temperature in your home from anywhere through wi-fi connectivity. Others detect when you have left for the day to setback your HVAC system, and automatically adjusts the temperature so you return to a comfortable home.



Many smart thermostats learn temperature preferences and establish a schedule that automatically adjusts to energy-saving settings. They can also alert to power outages, when it is time to change the air filter, and sudden changes in temperature which could indicate a problem.



**SCAN for more INFO**



### Smart Thermostat

\$50 Rebate

- Open to electric and natural gas customers.
- Must be ENERGY STAR® certified.

## TIP

Bundle the smart thermostat rebate with the Peak Energy Rewards program and receive even more!

### Peak Energy Rewards

Customers with a wi-fi connected smart thermostat can enroll in the Peak Energy Rewards demand response program and receive a \$50 enrollment bill credit plus a \$25 bill credit each year they participate in the program.

Eligible Thermostat Providers:

- Alarm.com
- ecobee
- Emerson
- Honeywell Home
- Lux
- Google Nest
- Radio Thermostat
- Vivint

See additional Peak Energy Rewards program information and Frequently Asked Questions at [enrollmythermostat.com/faqs/springsutilities](https://enrollmythermostat.com/faqs/springsutilities).



To encourage customers to save both water and energy, Springs Utilities offers a rebate to commercial customers who install or retrofit WaterSense certified showerheads at their facilities.

## OBJECTIVES



Electric Energy Efficiency



Natural Gas Energy Efficiency



Decarbonization

This program is intended for retrofit and new construction and applies to bulk purchases of 10 showerheads or greater.

**One WaterSense  
showerhead can save a  
considerable amount of  
energy!**

A standard 2.5 gallon per minute (gpm) showerhead used for two ten-minute showers daily will use 17,750 gallons of heated water per year. Heating that water costs \$130. A similarly used WaterSense high-performance showerhead using between 1.5 and 2 gpm will save 3,550 to 7,100 gallons of heated water per year. This will save \$30 to \$50 per year in gas water heating costs. Together with the savings in water and wastewater, each showerhead can save \$50 to \$100 per year!



**SCAN for more INFO**



### WaterSense Showerhead Rebate

\$10 rebate or 50% of purchase price if less than \$20

- Open to natural gas or water customers.
- For retrofit and new construction.
- Applies to bulk purchase of 10 showerheads or greater.
- Showerheads must be WaterSense approved.




Find WaterSense Showerhead products at [lookforwatersense.epa.gov/products](https://lookforwatersense.epa.gov/products).



The Builder Incentive Program provides a direct-to-builder incentive to construct homes to a higher efficiency than the current market and regulatory energy codes. It provides builders with incentives based on efficiency of the home and enhanced building techniques including electrification. The program can tailor incentives to encourage utilization of building technologies and features that support long term savings in all utility services.

Our Builder Incentive Program has been recognized on several occasions by ENERGY STAR® over the past 15 years for its demonstrated success, and most recently received the 2022 ENERGY STAR® Residential New Construction Market Leader Award. Previous ENERGY STAR® awards were received in 2020, 2019, 2018, 2012, 2010, 2009 and 2008.

## OBJECTIVES

-  Electric Energy Efficiency
-  Natural Gas Energy Efficiency
-  Decarbonization



Builders receive an incentive based on the Home Energy Rating Score (HERS) that helps support the additional cost of work and materials needed to improve the home performance. Customers receive a home that is more comfortable, efficient, and affordable to maintain through lower utility usage and improved construction standards.

## Incentives

Additional incentives are provided for completion of green building standards like ENERGY STAR®, as these are deemed to support sustainable savings through enhanced building techniques and inspection processes.

For 2022, beneficial electrification bonuses were added, after an initial pilot in 2021, to ease the transition to electrical heating and hot water heating.

\$200-2,250	\$200 for a HERS score of 60, then \$25 per point up to a maximum of \$2,250 for a HERS score of 0 (Zero Energy Home)
\$700	ENERGY STAR® heat pump water heater
\$800	Heat pump installation instead of an air conditioning unit
\$2,000	Full electrification of home
\$350	One or more of the following Home Building Standards: <ul style="list-style-type: none"> <li>- ENERGY STAR®</li> <li>- National Green Building Standard</li> <li>- Leadership in Energy and Environmental Design</li> <li>- Passive House</li> </ul>



**SCAN for more INFO**

# High Efficiency Air Cooling

The High Efficiency Air Cooling program is a midstream program that offers incentives to suppliers aimed at increasing the sale and installation of high-performance commercial HVAC equipment.

## OBJECTIVES



Electric Energy Efficiency



For 2022, the program joined the regional midstream offering provided by Energy Solutions (also servicing Xcel Energy and Platte River Power Authority successfully for several years). This new contractor offers a much closer integration with local suppliers and the support of two local utilities keen on creating a consistent platform across Colorado. The program now has all major suppliers on board and installations are ramping up.

### What is a midstream program?

Midstream programs provide incentives to suppliers rather than the traditional downstream process of a post purchase rebate to customers.

For the customer this provides simplicity and reduced financial investment, with no application process.

Contractors are educated by suppliers on the benefits and model ranges. No need to provide tech details to customer to support rebate application, just select and install.

Suppliers financial risk is reduced for stocking higher margin and efficiency equipment as incentive allows supplier to upsell at a lower cost.

For the utility this results in the market transforming from one where the lowest cost units are stocked to one where high-performance equipment becomes readily available, and a reduction in energy use occurs with each replacement whether planned or not.

### Eligibility Requirements

- Open to commercial customers.
- The project site must be within Springs Utilities electric service territory.
- Eligible equipment includes:
  - Air cooled systems including heat pumps
  - Unitary air conditioners
  - Air cooled chillers
  - Packaged terminal heat pumps (PTHPs) and ductless mini/multi-splits



**SCAN for more INFO**



# Colorado Springs Utilities

*It's how we're all connected*



# Board Memo Agenda Item

## Staff Report

**Date:** May 17, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Economic Development Subcommittee Dissolution

### NARRATIVE:

**Desired Action:** Approval

**Executive Summary:** According to the Utilities Board Bylaws, the Utilities Board may establish subcommittees on an ad hoc basis by a vote of the Utilities Board. Subcommittees are authorized to provide information and recommendations to the Utilities Board but do not have approval authority over operations or activities.

In 2018, the Economic Development Subcommittee (EDSC) was established to review performance and compliance with Utilities Board policies and guidelines and to recommend policies that drive economic development needs and priorities to the Board Strategic Planning Committee and Finance Committee. The subcommittee is comprised of Utilities Board Members and external economic development stakeholders.

Springs Utilities' staff is recommending dissolving the Economic Development Subcommittee to create greater efficiencies for Utilities Board Members. Currently, there is an overlap between Utilities Board membership and materials reviewed at the Strategic Planning, Finance committees and Economic Development Subcommittee—creating redundancy. In the last few years, there has not been a significant amount of materials for this subcommittee to review and make recommendations on in order to justify an entire subcommittee and additional work plan.

If the Utilities Board chooses to approve this recommendation, all items that would have been taken to the subcommittee are still required to go through either Strategic Planning or Finance Committee for vetting. If at any time circumstances change, the Utilities Board may take a vote to re-establish this subcommittee.

**Benefits:** Consolidating information seen by each committee will result in greater efficiencies for Utilities Board Members.

**Board Policy:** P-5, G-2

**Cost/Budget:** N/A

**Affected Parties:** Utilities Board

**Alternatives:** Do not approve the dissolution of the Economic Development Subcommittee and the subcommittee remains in place, meeting quarterly

<b>Submitter:</b> Natalie Watts	<b>Email address:</b> nwatts@csu.org
<b>Division/ Department:</b> Administrative and Human Resources Division/ Strategic Planning and Governance	<b>Phone number:</b> 719-668-3827
	<b>Date submitted:</b> April 27, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 10</b>
---	--------------------------	-----	-------------------------------------	----	--------------------



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

# **Economic Development Subcommittee Dissolution**

Natalie Watts, Strategic Planning and Governance Manager

# Background

- According to the Utilities Board Bylaws, the Utilities Board may establish subcommittees on an ad hoc basis by a vote of the Utilities Board.
- Subcommittees are authorized to provide information and recommendations to the Utilities Board but do not have approval authority over operations or activities.



# Economic Development Subcommittee



In 2018, the Economic Development Subcommittee (EDSC) was established by the Utilities Board to review performance and compliance with Utilities Board policies and guidelines.



The subcommittee is comprised of Utilities Board Members and external economic development stakeholders and makes recommendations to the Finance and Strategic Planning Committees.



# Springs Utilities' Recommendation

- Staff is recommending dissolving this committee for the following reasons:
  - There is an overlap between Utilities Board membership and materials reviewed on the Strategic Planning, Finance committees and Economic Development Subcommittee—creating redundancy.
  - Outside of the annual compliance reports, there has not been a significant amount of materials for this subcommittee to review and make recommendations on to justify an entire subcommittee, staff time and resources and additional work plan.

# Next steps

- At the May 17, 2023, Utilities Board meeting the Utilities Board will take a vote on this item.
  - This votes will require modifying the Utilities Board Bylaws and the Excellence in Governance Manual





Colorado Springs Utilities<sup>®</sup>

*It's how we're all connected*



Colorado Springs Utilities

*It's how we're all connected*

# **EXCELLENCE IN GOVERNANCE POLICY MANUAL**

Revised: November 16, 2022

## Table of Contents

### Excellence in Governance

Executive Summary  
Colorado Springs Utilities Mission and Values  
Utilities Board Strategic Focus  
Colorado Springs Utilities Governance

### Utilities Board Duties, Responsibilities and Administrative Authorities

#### Utilities Board Duties

**D-1** Fiduciary Duties  
**D-2** Statutory and Regulatory Duties

#### Utilities Board Responsibilities

**R-1** Direction  
**R-2** Outcomes  
**R-3** Oversight  
**R-4** Accountability

#### Utilities Board Administrative Authorities – City Code

**UBA-1** Hire, Set the Salary, Evaluate, and Terminate the Chief Executive Officer  
**UBA-2** Appoint Utilities Policy Advisory Committee Members and Customer Advisory Group Members  
**UBA-3** Approve the Sale, Conveyance or Lease of Colorado Springs Utilities Property and Water Rights that are not a Substantial Part of a Utilities System  
**UBA-4** Appoint Directors and Representatives to Water Authorities, Partnerships, Joint Ventures, and Similar Entities in which Utilities Participates

### City Council Authorities

#### City Council Legislative Authorities Regarding Colorado Springs Utilities – City Code/City Charter

**CCA-1** Pass Ordinances  
**CCA-2** Issue Revenue Bonds  
**CCA-3** Institute Eminent Domain Proceedings  
**CCA-4** Appropriate Funds and Adopt Annual Budgets  
**CCA-5** Approve Intergovernmental Agreements  
**CCA-6** Adopt or Change Rates and Tariffs for Regulated Products and Services  
**CCA-7** Create Advisory Boards in Accordance with City Charter

## City Council Authorities (continued)

### City Council Legislative Authorities Regarding Colorado Springs Utilities – City Code/City Charter

**CCA-8** Approve the Sale, Conveyance or Lease of a Substantial Part of Utilities Systems and Water Rights with an Affirmative Vote of a Supermajority of Sixty Percent (60%) of the Electors of the City Voting Upon that Question in Accordance with the City Charter

## Utilities Board Commitments and Practices

### Utilities Board Commitments to Excellence in Governance

- C-1 Utilities Board Ethics and Norms
- C-2 Utilities Board Evaluation
- C-3 Limits of Individual Authority
- C-4 Utilities Board Development
- C-5 Utilities Board Decisions
- C-6 Utilities Board Policies

### Utilities Board Practices for Excellence in Governance

- P-1 Utilities Board Meetings
- P-2 Chief Executive Officer Excellence
- P-3 Unified Utilities Board Direction to the Chief Executive Officer
- P-4 Role of the Chair
- P-5 Committees

## Expectations

### Utilities Board/Chief Executive Officer Partnership Expectations

- E-1 Utilities Board/Chief Executive Officer Strategic Collaboration
- E-2 Chief Executive Officer Responsibilities
- E-3 Chief Executive Officer Authorities, Powers and Duties - City Code

## Instructions

### Utilities Board Instructions to the Chief Executive Officer

- I-1 Pricing of Services
- I-2 Financial Condition and Activities
- I-3 Financial Planning and Budgeting
- I-4 Risk Management
- I-5 Economic Development
- I-6 Infrastructure
- I-7 Water Supply Management

## Instructions (continued)

### Utilities Board Instructions to the Chief Executive Officer

- I-8 Asset Protection
- I-9 Treatment of Customers and Customer Information
- I-10 Treatment of Staff
- I-11 Compensation and Benefits
- I-12 Environmental Stewardship
- I-13 Community Investment
- I-14 Enterprise Innovation

## Guidelines

### Utilities Board Guidelines for the Chief Executive Officer

- G-1 Utilities Board Annual Evaluation
- G-2 Committee Purpose, Structure and Operation
- G-3 Compliance Report Frequency and Method
- G-4 Evaluation of the Chief Executive Officer's Performance
- G-5 Rate Design
- G-6 Electric Cost and Gas Cost Adjustments
- G-7 Local Vendor
- G-8 Water Reserve
- G-9 At-Will Senior Management Severance
- G-10 Affordable Housing
- G-11 Community Support
- G-12 Urban Planning Area Utility Infrastructure Master Plan
- G-13 Water Acquisition Account

## Results

### Utilities Board Expected Results

- ER-1 Rates
- ER-2 Reliability
- ER-3 Relationships

## Appendix

### Related Governance Information

- City Charter related to Colorado Springs Utilities Governance
- City Code related to Colorado Springs Utilities Governance
- City Code of Ethics
- Utilities Board Bylaws
- Utilities Policy Advisory Committee Bylaws

**COLORADO SPRINGS UTILITIES BOARD  
EXCELLENCE IN GOVERNANCE POLICY MANUAL**

**EXECUTIVE SUMMARY EXCELLENCE IN GOVERNANCE**

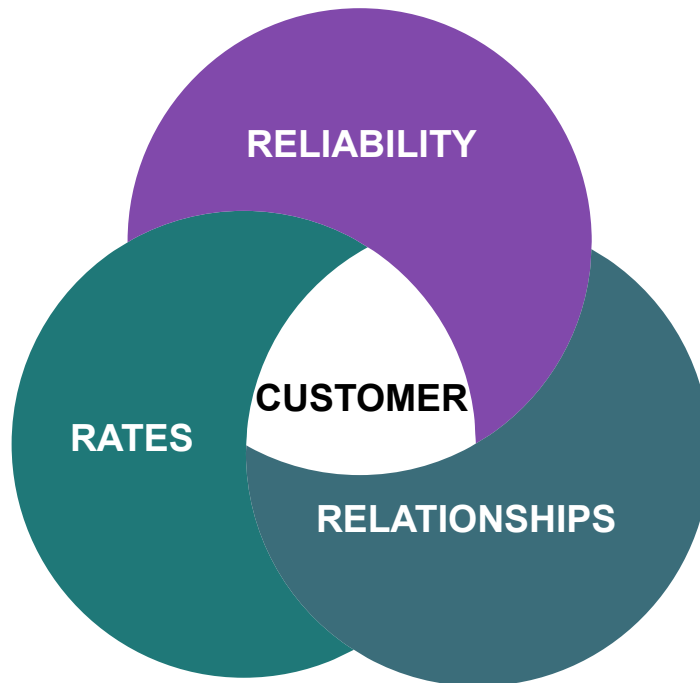
The Utilities Board must excel in the primary obligations of governance for the community-owned enterprise to fulfill its mission and customer-focused performance expectations. The Excellence in Governance Policy Manual provides formal, written policies that describe governance requirements and establish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

**COLORADO SPRINGS UTILITIES MISSION**

Provide safe, reliable and competitively-priced utilities to our customers.

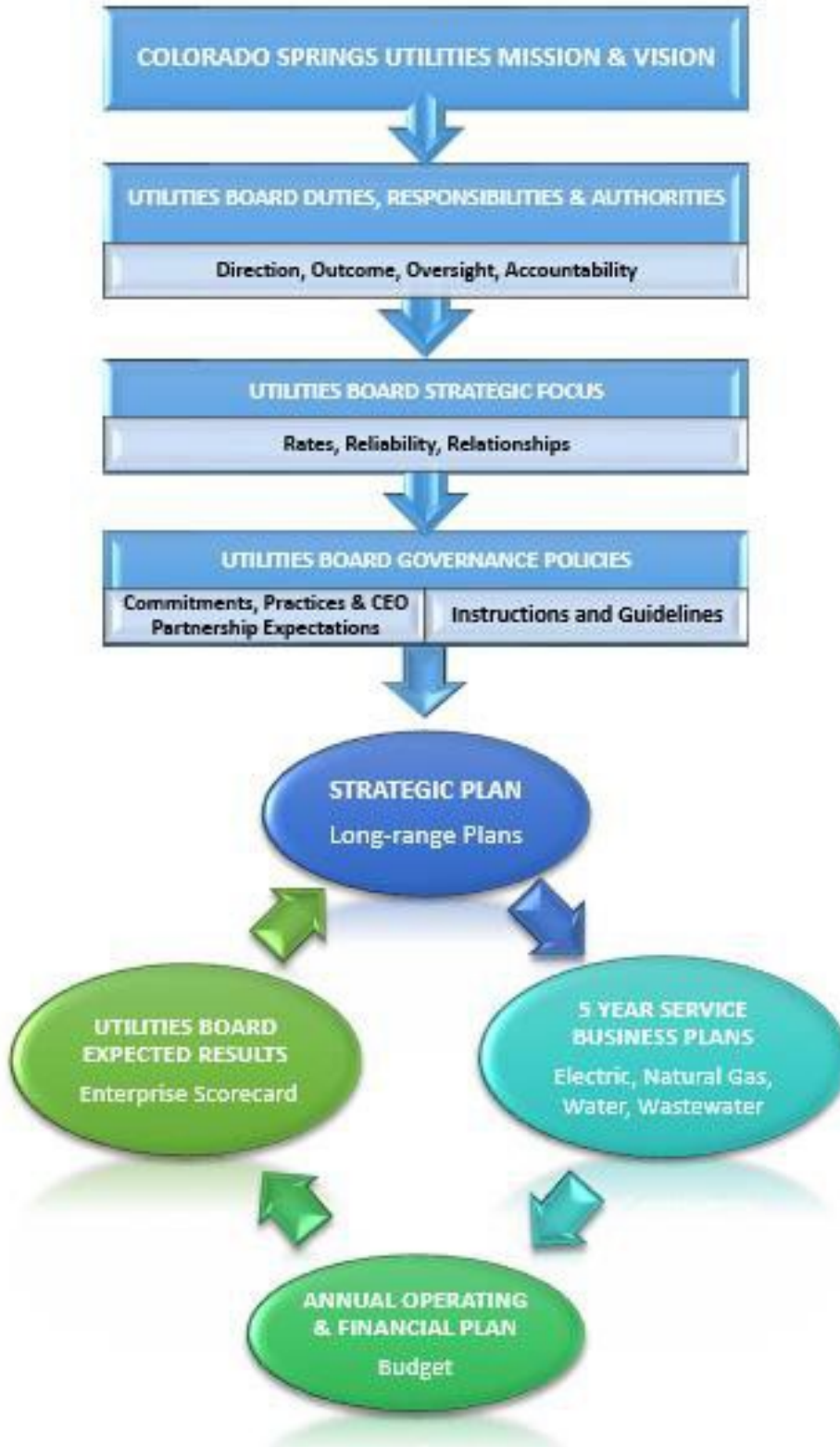
**UTILITIES BOARD STRATEGIC FOCUS**

The Utilities Board is primarily and ultimately accountable to ensure the benefits of local ownership and control to the citizens of Colorado Springs. The Utilities Board also has a responsibility to its current and future customers by balancing rates, reliability and relationships, with the primary focus on rates.





# COLORADO SPRINGS UTILITIES GOVERNANCE



**UTILITIES BOARD DUTIES, RESPONSIBILITIES, AND ADMINISTRATIVE AUTHORITIES**

Category:	<b>Utilities Board Duties</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Number:	<b>D: 1-2</b>	Revision Date:	
		Revision Number:	

**The Utilities Board must fulfill fiduciary duties by acting in the best interest of the organization and owners and comply with statutory and regulatory duties.**

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

**D-2 Statutory and Regulatory:** The Utilities Board conducts all business in full compliance with applicable legal, statutory, and regulatory requirements.

## UTILITIES BOARD DUTIES, RESPONSIBILITIES AND ADMINISTRATIVE AUTHORITIES

Category:	<b>Utilities Board Responsibilities</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Number:	<b>R: 1-4</b>	Revision Date:	
		Revision Number:	

**The Utilities Board is responsible for Colorado Springs Utilities' future vision, long-term organizational sustainability and assuring the highest level of performance by providing:**

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

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

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

**R-4 Accountability:** The Utilities Board is ultimately accountable to the citizens; ensuring the benefits of local ownership and control.

## UTILITIES BOARD DUTIES, RESPONSIBILITIES AND ADMINISTRATIVE AUTHORITIES

Category:	<b>Utilities Board Administrative Authorities – City Code</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Number:	<b>UBA: 1-4</b>	Revision Date:	
		Revision Number:	

**Pursuant to City Code 12.1.104, the Utilities Board has the following administrative authorities.**

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

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

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

**UBA-4:** Appoint directors and representatives to water authorities, partnerships, joint ventures, and similar entities in which Utilities participates.

## CITY COUNCIL AUTHORITIES

Category:	<b>City Council Legislative Authorities Regarding Colorado Springs Utilities - City Code</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Number:	<b>CCA: 1-8</b>	Revision Date:	
		Revision Number:	

**Including other powers provided in the City Code and the City Charter, the City Council 12.1.104 lists the following City Council legislative authorities regarding Utilities.**

**CCA-1:** Pass Ordinances

**CCA-2:** Issue Revenue Bonds

**CCA-3:** Institute Eminent Domain Proceedings

**CCA-4:** Appropriate Funds and Adopt Annual Budgets

**CCA-5:** Approve Intergovernmental Agreements

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

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

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

## UTILITIES BOARD COMMITMENTS AND PRACTICES

Category:	<b>Utilities Board Commitments to Excellence in Governance</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Number:	<b>C: 1-6</b>	Revision Date:	
		Revision Number:	

### **Utilities Board actions that promote excellence in governance.**

#### **C-1 Utilities Board Ethics and Norms**

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

#### **C-2 Utilities Board Annual Evaluation**

1. The Utilities Board establishes governance performance metrics to evaluate the Board's performance and to initiate improvement opportunities annually.

#### **C-3 Limits of Individual Authority**

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

#### **C-4 Utilities Board Development**

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

#### **C-5 Utilities Board Decisions**

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

#### **C-6 Utilities Board Policies**

1. The Utilities Board develops, reviews and approves written governance policies and guidelines that reflect their strategic vision, direction and focus.

## UTILITIES BOARD COMMITMENTS AND PRACTICES

Category:	<b>Utilities Board Practices for Excellence in Governance</b>	Date of Adoption: <b>May 16, 2018</b>
Policy Number:	<b>P: 1-5</b>	Revision Date:
Guidelines	<b>Committee Purpose, Structure and Operation (G-2)</b>	Revision Number:

### Utilities Board practices that promote excellence in governance.

#### P-1 Utilities Board Meetings

1. Utilities Board meetings are open to the public, conducted in an orderly, efficient and productive manner and adhere to Parliamentary Law and Practice for Nonprofit Organizations and Utilities Board Bylaws.
2. Utilities Board meetings follow agendas that are developed using an approved Utilities Board Annual Agenda Planning Calendar, include public comment and focus discussions on Utilities Board responsibilities.

#### P-2 Chief Executive Officer Excellence

1. The Utilities Board establishes leadership excellence by hiring an effective Chief Executive Officer.
2. The Utilities Board supports the Chief Executive Officer and provides strategic counsel and leadership development opportunities.
3. The Chief Executive Officer is under the authority of and accountable to the Utilities Board; all other staff are under the authority of and accountable to the Chief Executive Officer.

#### P-3 Unified Utilities Board Direction to the Chief Executive Officer

1. Only the full Utilities Board, operating during open publicly-noticed meetings, has the authority to direct the Chief Executive Officer.
2. Only the Utilities Board acting as a majority through formal motions can set strategic direction, make administrative and policy decisions, establish Board Expectations, evaluate the Chief Executive Officer's performance, or assign resource-intensive tasks.

#### P-4 Role of the Chair

1. The Utilities Board Chair is responsible for upholding Utilities Board Commitments and Practices.
2. The Utilities Board Chair sets the meeting agendas, runs meetings, appoints Board Committee Chairs and Committee Members. The Utilities Board Chair represents and

speaks for the Utilities Board unless the Utilities Board or Board Chair specifically delegate this authority to another Utilities Board member.

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

#### **P-5 Committees**

1. Utilities Board Committees and Sub-Committees are established and disbanded by Utilities Board vote, do not make decisions, do not have authority over operations or staff, and may not act or speak for the Utilities Board.
2. Utilities Board Committees review, analyze and provide recommendations and policy alternatives for consideration by the entire Utilities Board. A dissenting recommendation may be provided.
3. Utilities Board Sub-Committees review, analyze and provide recommendations and policy alternatives to Utilities Board Committees. A dissenting recommendation may be provided.
4. Utilities Board Committees and Sub-Committees follow Board-Approved Work Plans and Committee Purpose, Structure and Operation Guidelines.
5. Standing Utilities Board Committees ~~and Sub-Committees~~ include the Strategic Planning Committee, Personnel Committee, Finance Committee, and the Program Management Review Committee ~~and the Economic Development Sub-Committee~~.
6. Utilities Board Committees are comprised of Utilities Board members appointed by the Chair.
7. Utilities Board Sub-Committees may include citizens and customers appointed by the Utilities Board.
8. The Utilities Board Utilities Policy Advisory Committee is established and disbanded by Utilities Board vote and is comprised of citizens and customers appointed by the Utilities Board.
9. Utilities Board ad-hoc Customer Advisory Groups are established and disbanded by Utilities Board vote and are comprised of Utilities Board members appointed by the Chair and citizens and customers appointed by the Utilities Board. Unless otherwise stated, an ad-hoc Customer Advisory Group ceases to exist upon completion of its task.



## EXPECTATIONS

Category:	<b>Utilities Board/Chief Executive Officer Partnership Expectations</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Number:	<b>E: 1-3</b>	Revision Date:	
		Revision Number:	

**The Utilities Board and the Chief Executive Officer work in partnership to achieve excellence in governance and operations to attain long-term organizational success and sustainability.**

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

1. The Utilities Board and Chief Executive Officer work jointly to set the vision and strategic direction for the enterprise.
2. The Utilities Board and Chief Executive Officer work jointly to establish approved Board Expected Results and Leadership Competencies for the Board's annual evaluation of the Chief Executive Officer's performance.

### **E-2 Chief Executive Officer Responsibilities**

1. The Chief Executive Officer shall direct that all business practices, activities and decisions are in accord with sound business principles and the City Code of Ethics.
2. The Chief Executive Officer assists the Utilities Board in obtaining sufficient knowledge to meet their joint responsibilities through continuous education and development opportunities.
3. The Chief Executive Officer supports the Utilities Board responsibility of organizational oversight by providing policy compliance reports in Utilities Board meeting materials following a schedule and procedure approved annually by the Utilities Board.
4. The Chief Executive Officer provides sufficient resources for the Utilities Board including assigned staff support for: Utilities Board Committees and Sub-Committees, Utilities Policy Advisory Committee, research requests, customer inquiry responses, Customer Advisory Groups, stakeholder engagement and consultant management.
5. The Chief Executive Officer informs the Utilities Board about Economic Development incentives that have been offered and about material changes that affect operations or policy compliance or Board Expected Results through communication that is timely, accurate and clear.
6. The Chief Executive Officer presents staff and Utilities Board Committee recommendations on an equally informative basis and if applicable, includes alternatives with pros and cons for Utilities Board decision making.

7. The Chief Executive Officer communicates Utilities Board direction and decisions to citizens and customers.
8. The Chief Executive Officer protects the Utilities Board from a sudden loss of the Chief Executive Officer's services by having at least two Officer emergency successors familiar with current issues and business procedures; by traveling with only one of the designated emergency successors and by allowing no more than three Officers to travel together.
9. The Chief Executive Officer complies with Utilities Board Policies, Instructions and Guidelines to the Chief Executive Officer.
10. The Chief Executive Officer advises the Utilities Board if in his/her opinion, the Utilities Board is not in compliance with its Commitments, Practices and Partnership Expectations for Excellence in Governance policies, particularly in the case of Utilities Board behavior which is detrimental to the work relationship between the Utilities Board and the Chief Executive Officer.

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

1. The Utilities Board, in its discretion, is empowered to adopt written governance policies and guidelines for the management and operation of Utilities as an enterprise by the Chief Executive Officer.
2. The Utilities Board and the Chief Executive Officer work in partnership to achieve excellence in governance to attain long-term organizational sustainability. They work jointly to set the strategic direction and vision for the enterprise.
3. The Utilities Board establishes a clear distinction between its duties, responsibilities and authorities and the Chief Executive Officer's responsibilities and authorities through formal, written governance policies.
4. The Utilities Board respects and supports the exclusive authority of the Chief Executive Officer to lead the enterprise.
5. To the maximum extent legally possible and guided by the Utilities Board governance policies, the Chief Executive Officer is authorized to make decisions, take actions, establish processes and procedures, implement plans, and work on behalf of the enterprise with customers, elected officials, government agencies, stakeholders and the public to meet the Utilities Board's strategic focus and Board Expected Results.
  - A. Adopt and promulgate written Utilities Enterprise Policies and service standards and specifications consistent with the provisions of the City Charter or City Code concerning matters that are applicable to all operations and finances of Colorado Springs Utilities including all operational units.

- B. Delegate authority to direct reports to the Chief Executive Officer by written Utilities Enterprise Policies, to adopt service standards and specifications for each respective division.
- C. Make and enforce rules and regulations as may be necessary for the regulation, collection, rebating and refunding of user charges for utility services.
- D. Identify and certify that an imminent hazard condition exists and abate the hazard.
- E. Interrupt or curtail utility services or to provide for the interruption or curtailment of utility services whenever emergency circumstances, including, without limitation, supply limitations or restrictions, treatment restrictions or limitations, transmission or distribution system restrictions or failures, or operational problems, require immediate interruption or curtailment of utility services for operational or safety reasons.
- F. Issue revocable permits for the use of public property primarily used by Colorado Springs Utilities, including watershed areas, for any purpose not inconsistent with the City Code, regulations established by the Chief Executive Officer, or other laws and ordinances regulating the use and occupancy of public property.
- G. Establish regulations governing the issuance or denial of a revocable permit and setting insurance requirements, fees and permit terms and conditions necessary to protect the public health, safety and welfare and the safety and welfare of Colorado Springs Utilities operations, equipment and facilities.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Title (Number):	<b>Pricing of Services (I-1)</b>	Revision Date:	
Monitoring Type:	<b>Internal</b>	Revision Number:	
Monitoring Frequency:	<b>Annual</b>		
Guidelines:	<b>Rate Design (G-5) Electric and Gas Cost Adjustments (G-6)</b>		

**The Chief Executive Officer shall direct that pricing practices result in rates that are just, reasonable and not unduly discriminatory. Accordingly, the CEO shall:**

1. Establish pricing practices that result in revenues that are sufficient to provide safe, reliable utility services to Colorado Springs Utilities citizens and customers.
2. Establish pricing practices that maintain financial viability of each separate regulated service.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Title (Number):	<b>Financial Condition and Activities (I-2)</b>	Revision Date:	<b>February 20, 2018</b>
Monitoring Type:	<b>Internal; City Auditor</b>	Revision Number:	<b>2</b>
Monitoring Frequency:	<b>Quarterly, Annual</b>		
Guidelines:	<b>Local Vendor (G-7)</b>		

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

1. Operate within total appropriations for the fiscal year and inform the Utilities Board of:
  - A. Significant financial variances.
  - B. Expenditures that exceed the Federal Energy Regulatory Commission capital and operating and maintenance budget classifications in electric, natural gas, water, wastewater and common.
  - C. Budget transfers and canceled major capital projects over \$500,000 in the approved budget or new major capital projects not funded in the approved budget.
2. Inform the Utilities Board of contracts that have been issued over \$500,000, not to include blanket contracts.
3. Invest funds in accordance with Bond Ordinance requirements and Utilities Investment Plan.
4. Ensure controls are in place for receiving, processing, or disbursing funds and allow only bonded or insured personnel access to material amounts of funds.
5. Ensure receivables are resolved within a reasonable grace period.
6. Settle payroll and debts in a timely manner.
7. Ensure tax payments or other government ordered payments are timely and materially accurate.
8. Operate within Colorado State Procurement Code, Colorado Springs Utilities Procurement Code and Procurement procedures assuring legal and fiscal compliance with competitive acquisition practices, conflict of interest, favoritism and procurement from local vendors.
9. Inform the Utilities Board of significant financial impacts on the Municipal Government.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Title (Number):	<b>Financial Planning and Budgeting (I-3)</b>	Revision Date:	July 20, 2022
Monitoring Type:	<b>Internal</b>	Revision Number:	1
Monitoring Frequency:	<b>Annual</b>		
Guidelines:	<b>Water Reserve Account (G-8) Water Acquisition Account (G-13)</b>		

**The Chief Executive Officer shall direct that financial planning and budgeting is multi-year and includes planning assumptions, capital and operations expenses and projections of revenues and cash flow. Accordingly, the CEO shall:**

1. Maintain financial stability by meeting Utilities Board approved financial metrics that support a AA long-term credit rating.
2. Financially position the enterprise to meet long-range infrastructure funding requirements while moderating customers' average base bill adjustments.
3. Use planning assumptions that accurately forecast revenues and expenses.
4. Direct that a water reserve account is established and maintained to manage Water sales volatility.
5. Direct that a water acquisition account is established and maintained to fund expenditures that enable timely acquisitions and participation in supply projects that increase raw water system yield.
6. Use financial methods that share the cost of utility infrastructure between current and future customers.
7. Use risk-based modeling and a defined enterprise procedure to prioritize operations and maintenance infrastructure.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption: <b>May 16, 2018</b>
Policy Title (Number):	<b>Risk Management (I-4)</b>	Revision Date:
Monitoring Type:	<b>Internal; City Auditor; External</b>	Revision Number:
Monitoring Frequency:	<b>Semi-Annual, Annual, Years ending in 0 and 5</b>	

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

1. Maintain a Risk Management Committee to identify, measure, monitor, manage and report risk on an enterprise-wide basis.
2. Operate under and maintain a written Enterprise Risk Management (ERM) Plan and its required plans listed below that each include management level approval, detailed procedures, internal controls and reporting requirements, and external audits.
  - A. Energy Risk Management Plan - establishes procedures for limiting organizational exposure to price volatility and supports the acquisition or sale of energy that does not unreasonably jeopardize the ability to meet customer needs.
  - B. Investment Plan - establishes investment scope, objectives, delegation of authority, standards of prudence, eligible investments and transactions, risk tolerance and safekeeping and custodial procedures for the investment of all funds.
  - C. Financial Risk Management Plan - establishes objectives and procedures for minimizing risk to support responsible compliance.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Title (Number):	<b>Economic Development (I-5)</b>	Revision Date:	
Monitoring Type:	<b>Internal</b>	Revision Number:	
Monitoring Frequency:	<b>Annual</b>		

**The Chief Executive Officer shall direct that the enterprise's obligation to serve responsibilities are the primary method to support economic development but may also use other approved methods of support. Accordingly, the CEO shall:**

1. Offer economic development incentives, special rates or terms and conditions for utility services and alternative development solutions when they are defined within Utilities Rules and Regulations, Tariffs and City Code and approved by the City Auditor.
2. Consider economic development support that:
  - A. Optimizes existing utility infrastructure.
  - B. Grows the customer base.
  - C. Assures a neutral or positive impact to citizens.
  - D. Partners with local entities.
3. Create a business-friendly culture by eliminating operational policies and standards that no longer provide value and by proactively communicating the rationale behind current operational policies.
4. Provide access to existing utilities infrastructure and capacity information while minimizing security risks.



<b>INSTRUCTIONS</b>			
Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Title (Number):	<b>Infrastructure (I-6)</b>	Revision Date:	<b>March 20, 2019</b>
Monitoring Type:	<b>Internal</b>	Revision Number:	<b>1</b>
Monitoring Frequency:	<b>Semi-Annual</b>		
Guidelines:	<b>Urban Planning Area Utility Infrastructure Master Plan (G-12)</b>		

**The Chief Executive Officer shall direct that annual, five-year and twenty-year infrastructure plans are developed for each utility service. Accordingly, the CEO shall:**

1. Use a reasonable planning period to meet obligation to serve requirements for current and future customers.
2. Base plans on operational and regulatory requirements to provide safety, system reliability and security.
3. Maintain an organization-wide long-range infrastructure plan that considers the annual impact to the typical customer bill, maintains strong financial metrics, and sequences infrastructure projects to the extent operationally and financially practical.
4. Plan for replacement of aging infrastructure, information and operational technology upgrades, utility relocations for public works and road projects, life extension of existing systems and services to approved contract customers.
5. Coordinate infrastructure planning with the Municipal Government’s Strategic Plan, Comprehensive Plan and Annexation Policy and other governmental agency plans.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption: <b>May 16, 2018</b>
Policy Title (Number):	<b>Water Supply Management (I-7)</b>	Revision Date: <b>July 20, 2022</b>
Monitoring Type:	<b>Internal</b>	Revision Number: <b>3</b>
Monitoring Frequency:	<b>Annual</b>	

**The Chief Executive Officer shall direct that new and existing water resources and systems are aggressively developed, protected and optimized to maintain and enhance water system sustainability in a manner that responsibly balances costs and risks to reliably meet the needs of current and future customers. Accordingly, the CEO shall:**

1. Defend Colorado Springs Utilities' water rights against claims and filings by others if these would in any way injure, hinder, or decrease Colorado Springs' current or future yield or use.
2. Conduct periodic evaluations of Colorado Springs Utilities' existing decreed water rights and take legal and administrative actions necessary to optimize the water system.
3. Provide a reliable water supply to existing and future customers, including requests for regional service contracts and annexations, by planning for, developing, and managing water resources and infrastructure in accordance with the following criteria:
  - A. At all times maintain a minimum of one year of customer demand in water system storage.
  - B. Meet or exceed 90 percent reliability for maintaining a minimum of 1.5 years of customer demand in water system storage.
  - C. Conduct an evaluation of the need for water shortage response measures when water system storage is forecast to fall below 1.5 years of customer demand on or after April 1 of any year.
4. Utilize Colorado Springs Utilities' dedicated water acquisition account to fund expenditures that enable timely acquisitions and participation in supply projects that increase raw water system yield.
5. Plan for and implement water use efficiency and demand management measures to support and enhance water system reliability.
6. Use Denver Basin groundwater in Colorado Springs Utilities' exclusive water service territory only for emergency supplemental supply, limited non-potable uses, aquifer storage and recovery, or periodic exercising of groundwater infrastructure for operation and maintenance purposes.

7. Not develop or allow development of controlled ground water in the Dawson Aquifer in Colorado Springs Utilities' exclusive water service territory.
8. Not reserve Colorado Springs Utilities' water supplies, infrastructure, or capacity for any person, organization, property or development regardless of whether that entity is inside or outside the city limits or Colorado Springs Utilities' exclusive water service territory, except that the Utilities Board may evaluate and approve such a reservation to ensure that Colorado Springs Utilities can meet the reasonably anticipated water and wastewater demands of the Pikes Peak Region's military installations on a case by case basis.
9. Only provide water and wastewater-related services including, but not limited to, water leases, storage, conveyance, or treatment (collectively referred to as "water-related services"), outside Colorado Springs Utilities' exclusive water service territory pursuant to regional service contracts that comply with City Code, the guidelines set forth in the Regional Water and Wastewater Service Management Plan (Plan), and other applicable Utilities Board approved policies or directives. Regional service contracts are also subject to the following requirements:
  - a. All regional service contracts must be approved by the Utilities Board. Colorado Springs Utilities may deny any service request, modify the type of service to be provided, request mitigation to offset water system impacts and risks, or impose terms and conditions on the provision of service necessary to offset impacts and risks.
  - b. Regional service contracts shall provide a net benefit to Colorado Springs Utilities and the City of Colorado Springs' ratepayers, appropriately balancing costs and risks, and recognizing historic and planned investments.
  - c. For each contract requested, Utilities will perform an evaluation of impacts to water system reliability, level of service, and water resources for new water and wastewater regional service per the Plan based on a 10 year planning horizon.
  - d. Regional service contracts for water-related services shall include a premium on rates that will benefit the City of Colorado Springs' ratepayers.
  - e. In accordance with the City Charter and City Code, regional service contracts shall not exceed a 25-year term limit.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption: <b>May 16, 2018</b>
Policy Title (Number):	<b>Asset Protection (I-8)</b>	Revision Date:
Monitoring Type:	<b>Internal; City Auditor</b>	Revision Number:
Monitoring Frequency:	<b>Semi-Annual; Annual</b>	

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

1. Protect enterprise assets including, but not limited to, water rights, rights of way, physical assets, cyber assets, intellectual property, records and information from loss or significant damage.
2. Allow real estate transactions that comply with the City of Colorado Springs Real Estate Manual.
3. Only sell, dispose of or allow use of assets at fair market value, except for *de minimis* contributions to community-oriented organizations.
4. Protect the enterprise's public image and reputation.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption: <b>May 16, 2018</b>
Policy Title (Number):	<b>Treatment of Customers and Customer Information (I-9)</b>	Revision Date:
Monitoring Type:	<b>Internal</b>	Revision Number:
Monitoring Frequency:	<b>Annual</b>	

**The Chief Executive Officer shall direct that customer interactions are safe, dignified and provide appropriate confidentiality or privacy for customers or those applying to be customers. Accordingly, the CEO shall:**

1. Use application forms that elicit information for which there is clear necessity.
2. Use methods of collecting, reviewing, transmitting, or storing customer information that strive to protect against improper cyber or physical access to the material elicited.
3. Comply with Colorado Springs Utilities Tariffs regarding treatment of customers.
4. Maintain a procedure for accessible, fair, efficient and unbiased treatment of customer complaints regarding utility service or proposed utility service that provides for resolution at the lowest level through use of staff procedures, informal review through either Colorado Springs Utilities or a mediator, or formal appeal to a hearing officer.
5. Inform customers of this policy and provide a grievance procedure to customers who believe they have not been accorded a reasonable interpretation of their rights.
6. Operate under written and maintained claims procedures that address fair treatment of claimants, legal liability, customer costs and sound business practices.
7. Maintain facilities that provide a reasonable level of security and privacy, both visual and aural.
8. Inform customers about services offered.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption: <b>May 16, 2018</b>
Policy Title (Number):	<b>Treatment of Staff (I-10)</b>	Revision Date:
Monitoring Type:	<b>Internal</b>	Revision Number:
Monitoring Frequency:	<b>Annual</b>	

**The Chief Executive Officer shall direct that working conditions for paid and volunteer staff are fair, dignified, and respectful. Accordingly, the CEO shall:**

1. Adhere to all discrimination, harassment and retaliation laws, policies and procedures.
2. Operate with a written personnel policy manual that clarifies personnel rules for employees and promulgate the personnel policy manual with an employee notification and comment procedure before any changes are made unless proposed changes are required immediately based on Federal, State or local laws or other exigent circumstances.
3. Provide employees access to all organizational policies and procedures.
4. Operate with a written affirmative action plan, as required by law.
5. Periodically, not to exceed five (5) years, assess the organizational climate issues using statistical sampling and a sound, validated procedure; and develop and implement an action plan.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Title (Number):	<b>Compensation and Benefits (I-11)</b>	Revision Date:	
Monitoring Type:	<b>Internal</b>	Revision Number:	
Monitoring Frequency:	<b>Annual</b>		
Guidelines:	<b>At-Will Senior Management Severance (G-9)</b>		

**The Chief Executive Officer shall direct that employee compensation plans address individual accountability, reward for job performance, encourage organizational flexibility and responsiveness and are consistent with the geographic and professional markets for the job duties performed. Accordingly, the CEO shall:**

1. Communicate an administrative procedure to employees which allows them to appeal the methodologies followed that result in the annual salary and benefits proposed for the upcoming year.
2. Develop executive compensation plans that are consistent with professional markets and include:
  - A. Data sources from similar local, regional and national, comparably sized utilities that typically fall within the range of one-half to two times Colorado Springs Utilities' employee population and annual revenue.
  - B. Multi-service utilities.
  - C. An appropriate balance of public and private organizations.
  - D. A mix of custom market survey data and published survey sources.
3. Provide severance to Officers and General Managers in the event of involuntary separation without cause in accordance with approved Utilities Board guidelines and at the discretion of the Chief Executive Officer in accordance with the At-Will Senior Management Severance Guideline.
4. Provide severance to any other employees only with Utilities Board Approval.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption:	<b>May 16, 2018</b>
Policy Title (Number):	<b>Environmental Stewardship (I-12)</b>	Revision Date:	
Monitoring Type:	<b>Internal</b>	Revision Number:	
Monitoring Frequency:	<b>Annual</b>		

**The Chief Executive Officer shall direct that Colorado Springs Utilities is a leader in environmental stewardship. Accordingly, the CEO shall:**

1. Provide customers with educational materials and solutions to promote energy and water conservation and renewable energy technologies.
2. Promote efficient energy and water consumption in new buildings and landscapes.
3. Ensure emissions from operations meet or surpass air quality regulations.
4. Ensure local ground and surface water discharges from operations meet or surpass surface water and groundwater quality standards.
5. Maintain or enhance the visual appeal of utility operations where cost effective.
6. Ensure the community receives a portion of its electric needs from renewable sources.
7. Strive to preserve and protect wildlife, wildlife habitat, and wetlands during construction and operation of facilities and infrastructure.
8. Strive to preserve and protect cultural and historic sites during construction and operation of facilities and infrastructure.
9. Engage the community in Utilities Board decisions on Colorado Springs Utilities' operations that affect the environment.
10. Strive to minimize or reuse waste generated by Colorado Springs Utilities to reduce impact on the environment.



## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption: <b>May 16, 2018</b>
Policy Title (Number):	<b>Community Investment (I-13)</b>	Revision Date:
Monitoring Type:	<b>Internal</b>	Revision Number:
Monitoring Frequency:	<b>Annual</b>	
Guidelines:	<b>Affordable Housing (G-10) Community Support (G-11)</b>	

**The Chief Executive Officer shall direct that Colorado Springs Utilities is responsive to community needs and values by maintaining and communicating a strong community presence that significantly contributes to the citizens’ quality of life. Accordingly, the CEO shall:**

1. Maintain a community involvement plan that is in alignment with Colorado Springs Utilities’ strategic objectives and that provides a benefit to the citizens and customers.
2. Encourage and support employee volunteerism within the communities served by Colorado Springs Utilities.
3. Communicate to customers and provide student and adult education programs on the safe and efficient use of utility services.
4. Allow philanthropic support of community-oriented organizations only in the service territories or localities impacted by Colorado Springs Utilities’ operations.
5. Only allow funding of community-oriented organizations that complete an application describing how the funds will be used in alignment with Colorado Springs Utilities’ strategic objectives.
6. Allow funding of community-oriented organizations with Political Action Committees (PACs) only if they demonstrate independent PAC revenue and decision-making.
7. Consider partnerships with other funding entities to leverage resources and maximize impact.
8. Inform the community of the enterprise’s corporate citizenship and employee volunteerism.
9. Develop programs intended to support affordable housing within the City.

## INSTRUCTIONS

Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Date of Adoption:	<b>July 21, 2021</b>
Policy Title (Number):	<b>Enterprise Innovation (I-14)</b>	Revision Date:	
Monitoring Type:	<b>Internal</b>		
Monitoring Frequency:	<b>Annual</b>	Revision Number:	

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

1. Foster an environment within the workforce that promotes and rewards creativity, efficiency and empowerment.
2. Advance services and programs that achieve customer interests, community goals and enterprise objectives.
3. Take reasonable risks, measure results and learn quickly from successes and failures.
4. Engage the municipal government and community stakeholders to evaluate emerging utility services and technologies to ensure constructive collaboration.

## GUIDELINES

Guideline:	<b>Utilities Board Annual Evaluation (G-1)</b>	Date of Adoption:	<b>January 18, 2017</b>
Applicable Policy Title (Number):	<b>Utilities Board Evaluation (C-2)</b>	Revision Date:	
		Revision Number:	

### **Utilities Board Evaluation**

1. Annually, Utilities Board members evaluate the work of the Board and provide feedback to the Utilities Board Chair.
2. The approved evaluation feedback form includes accomplishments, plans for improvement and comments on what to start, what to stop, what should continue, and lessons learned.

## GUIDELINES

Guideline:	<b>Committee Purpose, Structure and Operation (G-2)</b>	Date of Adoption: <b>January 18, 2017</b>
Applicable Policy Title (Number):	<b>Operational Resources (P-5)</b>	Revision Date:
		Revision Number:

### **Committee Purpose, Structure and Operation**

**Purpose:**

1. The Strategic Planning Committee reviews performance and compliance with Utilities Board policies and guidelines and recommends the Strategic Plan and vision and Board Expected Results, developed jointly with the Chief Executive Officer, to the Utilities Board.
2. The Finance Committee reviews performance and compliance with Utilities Board policies and guidelines and recommends the Annual Operating and Financial Plan and the Five-Year Service Business Plans, developed jointly with the Chief Executive Officer, to the Utilities Board.
3. The Personnel Committee reviews performance and compliance with Utilities Board policies and guidelines and recommends the Chief Executive Officer’s performance plan, developed jointly with the Chief Executive Officer, and the Chief Executive Officer’s compensation to the Utilities Board.
4. The Program Management Review Committee reviews performance and compliance with Utilities Board policies and guidelines and reviews Board monitored and Committee selected programs/projects.
- ~~5. The Economic Development Sub-Committee reviews performance and compliance with Utilities Board policies and guidelines and recommends policies that drive economic development needs and priorities to the Strategic Planning Committee for alignment with vision and to the Finance Committee for impact to the Annual Operating and Financial Plan.~~
- ~~6.5~~ The Utilities Policy Advisory Committee (UPAC) is a Utilities Board directed advisory committee that reviews, analyzes and provides recommendations to the Utilities Board on specific issues or policies.

## Structure and Operating Guidelines

1. Board Committee members are appointed from among members of the Utilities Board by the Utilities Board Chair, have a minimum of three Board members and serve two-year terms concurrent with the municipal election cycle. Committee members may be removed by the Utilities Board Chair.
2. The Committee Chair is appointed from among members of the Committee by the Utilities Board Chair and serves a two-year term concurrent with the municipal election cycle. In the absence of the Committee Chair during any Committee meeting, the Committee may designate a Chair.
3. Board Sub-Committee members are appointed from among members of the Utilities Board, may include citizens and customers appointed by the Utilities Board, have a minimum of two Board members and serve two-year terms concurrent with the municipal election cycle. Sub-Committee Board members may be removed by the Utilities Board Chair. Citizen and customer Sub-Committee members may be removed by the Utilities Board.
4. The Sub-Committee Chair is selected by the Board Members on the Sub-Committee and serves a two-year term concurrent with the municipal election cycle. In the absence of the Sub-Committee Chair during any Sub-Committee meeting, the Sub-Committee may designate a Chair.
5. The Chief Executive Officer provides Utilities staff support for Committees and Sub-Committees. The Chief Executive Officer or designee is responsible for preparing draft agendas for review and approval by the Committee Chair or Sub-Committee Chair and for keeping minutes of all Committee and Sub-Committee meetings. Copies of the Committee and Sub-Committee minutes shall be provided to the Utilities Board and to relevant committees.
6. Board Committees and Sub-Committees will meet as often as may be deemed necessary or appropriate. Public notice of all Committee and Sub-Committee meetings shall meet governing legal requirements. All Board Committees and Sub-Committees, Utilities Policy Advisory Committee and Customer Advisory Group meetings are open to the public.
7. At the discretion of the Chair, or the majority of Committee or Sub-Committee members present, public comment will be taken at meetings. Individual comments are limited to three minutes each unless time is extended by the Committee Chair or majority of the Committee or Sub-Committee members present.
8. The Utilities Board establishes and maintains written bylaws fully describing the operation of the Utilities Policy Advisory Committee.
9. Board Committees and Sub-Committees may hold Executive Sessions using the following procedures:

- A. The Chief Executive Officer or their designee and the Division Chief–Utilities, Office of the City Attorney shall prepare the agenda for the Executive Session of the Committee or Sub-Committee meeting. The agenda shall include those items that may be discussed in closed session.
- B. In compliance with the Colorado Open Meetings Act, prior to convening an Executive Session, the Chair shall announce the general topics of the Closed Executive Session as set forth below. If two thirds of the Committee or Sub-Committee members present agree to an Executive Session, the item may be discussed in Executive Session. If less than two thirds of Committee or Sub-Committee members agree to an Executive Session, the items may be discussed in open session or the Chief Executive Officer or their designee may withdraw the item from consideration.
- C. No adoption of any Committee or Sub-Committee recommendation or policy advice to the Committee or Sub-Committee shall occur in Executive Session which is not open to the public. However, Committee or Sub-Committee members may receive information for consideration as provided by law in the following areas as they affect the responsibilities of the Committee or the Sub-Committee:
  - i. Purchase, acquisition, lease, transfer, or sale of any real, personal or other property interests.
  - ii. Conferences with the Division Chief–Utilities, Office of the City Attorney, the City Attorney, or other attorneys for Utilities, for the purposes of receiving legal advice on specific legal questions, issues or matters.
  - iii. Matters required to be confidential by federal or state law or rules and regulations.
  - iv. Specialized details of security arrangements or investigations.
  - v. Determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.
  - vi. Consideration of any documents protected by mandatory nondisclosure provisions of the Colorado Open Records Act or other information which is considered confidential or proprietary and, thus, would not be subject to disclosure requirements of the Colorado Open Records Act.
- D. All discussions and documents provided in Executive Session are confidential and proprietary information, and Committee and Sub-Committee members shall not use such confidential information for purposes other than their responsibilities as a Committee or Sub-Committee member. Further, Committee and Sub-Committee members shall not release any confidential or proprietary information to any third party without the express consent of the Chief Executive Officer.

10. Citizen and customer Board Sub-Committee members:

- A. Are subject to provisions of the City of Colorado Springs Code of Ethics.
- B. Serve without compensation for their services but may be reimbursed for actual expenses in accordance with Colorado Springs Utilities policies and procedures.
- C. Are expected to attend Sub-Committee meetings regularly in order for the Sub-Committee to function effectively. Upon recommendation by the Sub-Committee, the Utilities Board may remove any members of the Sub-Committee who fail to attend three or more regular meetings each year.
- D. Shall notify the Chief Executive Officer and the Utilities Board if they choose to seek employment with Utilities. The Sub-Committee member applying for employment shall be excused from attending Sub-Committee meetings and participating in recommendations while the employment application is pending. If the Sub-Committee member is not selected for employment with Utilities, that member shall be reinstated to full Sub-Committee participation. If the Sub-Committee member accepts employment with Utilities, that member shall promptly resign from the Sub-Committee.
- E. Committee members are not precluded from offering or providing products and services to Utilities under Utilities' applicable procurement procedures or from offering or supplying products or services to contractors providing products or services to Utilities. Sub-Committee members should not offer or contract to supply products or services to Utilities or Utilities' contractors that conflict with the Sub-Committee member's work on the Sub-Committee. Sub-Committee members shall not use their position on a Sub-Committee to influence Utilities or Utilities' contractor's procurement decisions. In the event any Sub-Committee member desires to provide products or services to Utilities or a contractor for Utilities, that Sub-Committee member shall notify the Chief Executive Officer of the proposed offering. The Chief Executive Officer shall consult with the Chair of the Utilities Board concerning the proposed offering. Provided that the Chief Executive Officer, after consultation with the Chair of the Utilities Board, determines that the proposed products or services offering does not conflict with the Sub-Committee member's work on the Sub-Committee, the Sub-Committee member may proceed with offering the products or services and may contract to provide such products or services to Utilities if selected under Utilities' applicable procurement procedures or to a contractor for Utilities. If the Chief Executive Officer, after consultation with the Chair of the Utilities Board, determines that the proposed products of services offering does conflict with the Sub-Committee member's work on the Sub-Committee, the Sub-Committee member may choose to resign from the Sub-Committee and to continue to pursue the offering of the Sub-Committee member may choose to refrain from pursuing the offering, in which case the Sub-Committee

member may continue participation on the Sub-Committee. This restriction shall apply to Sub-Committee members and any company or organization employing the Sub-Committee member.



## GUIDELINES

Guideline:	<b>Compliance Report Frequency and Method (G-3)</b>	Date of Adoption:	<b>December 19, 2016</b>
Applicable Policy Title (Number):	<b>Organizational Oversight (E-2.3)</b>	Revision Date:	
		Revision Number:	

### Compliance Report Frequency and Method

<u>Policy</u>	Compliance Report	<u>Method</u>	<u>Frequency</u>
I - 1	Pricing of Services	Internal	Annual
I - 2	Financial Condition and Activities	Internal City Auditor	Quarterly Annual
I - 3	Financial Planning and Budgeting	Internal	Annual
I - 4	Risk Management	Internal City Auditor External	Semi-Annual Annual Years ending in 0 or 5
I - 5	Economic Development	Internal	Annual
I - 6	Infrastructure	Internal	Semi-Annual
I - 7	Water Supply Management	Internal	Annual
I - 8	Asset Protection	Internal City Auditor	Semi-Annual Annual
I - 9	Treatment of Customers and Customer Information	Internal	Annual
I - 10	Treatment of Staff	Internal	Annual
I - 11	Compensation and Benefits	Internal	Annual
I - 12	Environmental Stewardship	Internal	Annual
I - 13	Community Investment	Internal	Annual
I - 14	Enterprise Innovation	Internal	Annual

## GUIDELINES

Guideline:	<b>Evaluation of the Chief Executive Officer's Performance (G-4)</b>	Date of Adoption: <b>May 16, 2018</b>
Applicable Policy Title (Number):	<b>Evaluating Chief Executive Officer Performance (E-1.2)</b>	Revision Date:
		Revision Number:

### **Evaluating the Chief Executive Officer's performance:**

1. Annually, the Chief Executive Officer and Personnel Committee, with input from other Utilities Board committees, partner to review and to recommend performance indicators, targets, leadership competencies and weightings to the Utilities Board in the fourth quarter of the current year for adoption by the Utilities Board for the following year.
2. Performance indicators and targets are in alignment with the Strategic Plan and the Annual Operating and Financial Plan.
3. The Utilities Board establishes weightings annually for each indicator and competency for both the performance indicator and leadership competency sections of the performance plan.
4. The Utilities Board provides mid-year (September) and annual (March) feedback to the Chief Executive Officer in executive personnel sessions to facilitate discussion of: achievement of organizational results; Utilities Board/Chief Executive Officer partnership expectations; the Chief Executive Officer's follow-through with Utilities Board policy instructions; and Chief Executive Officer Leadership competencies using an approved feedback form.
5. Chief Executive Officer performance indicator results and a performance evaluation feedback form are provided to Utilities Board members three weeks prior to the executive personnel sessions with Utilities Board members returning completed forms to the Human Resources General Manager within one week of receiving the forms.
6. The Utilities Board approves the Board Expected Results in open session at the March Utilities Board meeting.
7. Subsequent to the annual Chief Executive Officer evaluation in March, the Utilities Board approves any compensation and benefits adjustments for the Chief Executive Officer.

## GUIDELINES

Guideline:	<b>Rate Design (G-5)</b>	Date of Adoption:	<b>September 19, 2014</b>
Applicable Policy Title (Number):	<b>Pricing of Services (I-1)</b>	Revision Date:	<b>February 17, 2021</b>
		Revision Number:	<b>2</b>

### Rate Design

1. Rates should be designed applying the principles of economic efficiency and revenue stability.
  - A. Economic efficiency supports efficient use of resources, promotes innovative response to changing demand and supply patterns and leads to optimal consumer and utility decision-making in new technologies and resources, such as those that recognize time varying costs and benefits of demand response (i.e., rate design that recover costs that vary with time or demand and/or encourage efficient use of resources).

A proposed rate may be designed based on the ability of a customer class to influence system efficiency and maintain high load factor usage that result in deferring capital costs for added capacity.
  - B. Rates support revenue stability through sufficient and predictable recovery of the approved revenue requirement.
2. Applying the remaining supporting pricing principles of equitable for all customers, customer satisfaction and customer bill stability will be considered holistically in rate design.
  - A. A rate is considered equitable for all customers if it is within plus or minus five percent (5%) of the customer class costs established by a Cost of Service study.
  - B. Economic development supports attracting and/or retaining customers in the Colorado Springs area is an appropriate consideration in the design of rates for certain rate classes.
3. Prior to rate design, a Cost of Service study should be used, where appropriate, to establish costs assigned to each customer class and may vary substantially from study to study.
  - A. Deviation from a Cost of Service study should be described in the rate filing.

## GUIDELINES

Guideline:	<b>Electric and Gas Cost Adjustments (G-6)</b>	Date of Adoption:	<b>January 20, 2016</b>
Applicable Policy Title (Number):	<b>Pricing of Services (I-1)</b>	Revision Date:	<b>September 28, 2022</b>
		Revision Number:	<b>2</b>

### Electric and Gas Cost Adjustments

1. Utilities produces and purchases electricity and recovers fuel related costs through the Electric Cost Adjustment (ECA). Utilities purchases natural gas and recovers fuel related costs through the Gas Cost Adjustment (GCA).
2. Utilities Electric and Natural Gas Rate Schedules allow cost adjustment rates to be changed as often as monthly to pass-through cost in a timely manner in order to:
  - A. Respond to fluctuations in fuel markets.
  - B. Provide a price signal to customers based on the true cost of electricity and natural gas.
  - C. Accurately reflect customer energy consumption and associated costs.
3. Rate adjustments are filed with City Council on a quarterly basis (effective January, April, July and October) to pass-through forecasted fuel related costs.
  - A. When collected balances are within plus \$10,000,000 or minus \$5,000,000, quarterly refunding/recovery of balances will be based on the proportionate share of forecast sales and target a zero-dollar collected balance at the end of a 24-month period.
  - B. When collected balances exceed plus \$10,000,000 or minus \$5,000,000, quarterly refunding/recovery of balances will be based on the proportionate share of forecast sales and target a zero-dollar collected balance at the end of a 12-month period.
4. Based on relevant or unexpected circumstances, Utilities may propose rate adjustments using alternative balance refunding/recovery periods.

## GUIDELINES

Guideline:	<b>Local Vendor (G-7)</b>	Date of Adoption: <b>May 16, 2018</b>
Applicable Policy Title (Number):	<b>Financial Condition and Activities (I-2)</b>	Revision Date:
		Revision Number:

### Local Vendor

1. The Utilities Board strives to achieve a local spending goal of thirty percent (30%) of total non-fuel expenditures, using the definition and formula below to calculate the local spending percentage.
  - A. Total spend is defined as all expenditures made through Procurement and Contract Services and through P-card purchases.
  - B. Local companies are defined as having a business presence within El Paso County; with information collected on a semi-annual basis.
  - C. The local spending percentage formula is total expenditures with local companies divided by total spend.
  - D. The local spending percentage is reported in the Financial Condition and Activity compliance report.

## GUIDELINES

Guideline:	<b>Water Reserve (G-8)</b>	Date of Adoption:	<b>May 16, 2018</b>
Applicable Policy Title (Number):	<b>Financial Planning and Budgeting (I-3)</b>	Revision Date:	July 20, 2022
		Revision Number:	1

### **Water Reserve**

1. A water reserve account is established and maintained to mitigate water revenue volatility.
2. The water reserve account is used to supplement current year water revenues only.
3. One hundred percent (100%) of actual revenue greater than budget will be allocated annually to the water reserve account.
4. The water reserve account will only be used when the reserve account balance is greater than \$5 million and water revenues are \$10 million below budget in the current fiscal year.
5. Up to fifty percent (50%) of the water reserve account, as of January 1 of the current fiscal year, will be used to supplement current year budgeted expenditures.
6. Funds in excess of \$10 million in the water reserve account may be transferred to the water acquisition account.

## GUIDELINES

Guideline: **At-Will Senior Management Severance (G-9)** Date of Adoption: **May 16, 2018**

Applicable Policy Title (Number): **Compensation and Benefits (I-11)** Revision Date:

Revision Number:

### **At-Will Senior Management Severance**

1. Employees on probation or having less than one (1) year of service are not eligible for severance.
2. Severance includes medical premium benefit continuation and base pay compensation. Eligibility is determined by anniversary date.
3. Severance amounts are:
  - A. No less than 1 year of service is 11 weeks severance
  - B. No less than 5 years of service is 13 weeks severance
  - C. No less than 10 years of service is 17 weeks severance
  - D. No less than 15 years of service is 22 weeks severance
  - E. No less than 20 years of service is 26 weeks severance

## GUIDELINES

Guideline:	<b>Affordable Housing (G-10)</b>	Date of Adoption:	<b>May 16, 2018</b>
Applicable Policy Title (Number):	<b>Community Investment (I-13)</b>	Revision Date:	<b>September 19, 2018</b>
		Revision Number:	<b>1</b>

### **Affordable Housing**

1. Recommend tariffs and implement procedures to allow deferral of the immediate impact of development charges on affordable housing projects that meets specified energy and water conservation criteria. The programs shall include recovery of the carrying cost of any deferrals to not create an adverse financial impact on other customers. Any current year fee deferrals shall not, in aggregate, exceed five percent (5%) of the previous year's total development charges.
2. Develop and promote energy and water savings audit and installation programs for low-income households. Allocate a minimum of ten percent (10%) of the total Energy Demand Side Management budget to support the Home Efficiency Assistance Program (HEAP).



## GUIDELINES

Guideline:	<b>Community Support (G-11)</b>	Date of Adoption:	<b>May 16, 2018</b>
Applicable Policy Title (Number):	<b>Community Investment (I-13)</b>	Revision Date:	<b>May 18, 2022</b>
		Revision Number:	4

### Community Support

1. Allow the expenditure of no more than 0.1 percent of budgeted operating revenues on direct monetary support of community-oriented economic development and charitable organizations. The 0.1 percent limitation set forth in this guideline shall not include the matching dollars provided by Colorado Springs Utilities to the Project COPE utilities bill assistance program. Operating revenues are revenues from charges to customers for sales and services for Electric, Streetlight, Gas, Water, Wastewater and products and services. All other revenue sources not meeting this definition are reported as nonoperating revenues.
  
2. Allocate 100 percent of Community Focus Fund grant dollars to nonprofit organizations in support of programs addressing issues that have been identified as important to our customers:
  - Affordable Housing
  - Community
  - Education
  - Environment
  - Safety and Health
  - Seniors
  - Youth
  
3. Fully match customer donations to the Project COPE (Citizens Option to Provide Energy) utilities bill assistance program up to \$500,000 annually.

## GUIDELINES

Guideline:	<b>Urban Planning Area Utility Infrastructure Master Plan (G-12)</b>	Date of Adoption:	<b>March 20, 2019</b>
Applicable Policy Title (Number):	<b>Infrastructure (I-6)</b>	Revision Date: Revision Number:	

### **Urban Planning Area Utility Infrastructure Master Plan**

1. Develop and maintain an Urban Planning Area Utility Infrastructure Master Plan which identifies objectives, strategies and principles for urban planning area redevelopment.
2. The Master Plan will align with Colorado Springs Utilities' Strategic Plan, Integrated Resource Plans, PlanCOS and other City master plans.

## GUIDELINES

Guideline:	<b>Water Acquisition Account (G-13)</b>	Date of Adoption:	<b>July 20, 2022</b>
Applicable Policy Title (Number):	<b>Financial Planning and Budgeting (I-3)</b>	Revision Date:	
		Revision Number:	

### **Water Acquisition Account**

1. A water acquisition account is established and maintained to fund expenditures that enable timely acquisitions and participation in supply projects that increase raw water system yield.
2. The water acquisition account will be used to partially or completely fund acquisitions and projects that fulfill long range water supply and resiliency goals and levels of service.
3. The water acquisition account will be funded by the Water Resource Fee and potential transfers from the water reserve account. The water acquisition account may also be supported by other sources of water revenue and/or sources of debt in accordance with the Annual Operating and Financial Plan or as directed by Utilities Board.
4. An account balance of at least \$40 million will be targeted through a combination of cash and access to other sources of liquidity.
5. Colorado Springs Utilities will periodically evaluate, in light of approved enterprise financial metrics: (a) whether the sources of funding of the water acquisition account are sufficient to maintain the water acquisition account balance target and (b) whether the water acquisition account balance target is sufficient to fulfill long range water supply and resiliency goals and levels of service.

## RESULTS

Category:	<b>Utilities Board/Chief Executive Officer Partnership Expectations</b>	Date of Adoption:	<b>December 18, 2017</b>
Policy Title (Number):	<b>Utilities Board Expected Results (ER: 1-3)</b>	Revision Date:	<b>November 16, 2022</b>
		Revision Number:	<b>1</b>

**The Utilities Board monitors achievement of organizational results through Utilities Board Expected Results. Measures and targets were approved in November for the following year.**

### 2023 Board Expected Results

#### 1. Rates:

- A. Residential Electric Service - Front Range Comparison will be in the target range of +/- 5.0% of average
- B. Residential Natural Gas Service – Front Range Comparison will be in the target range of +/-5.0% of average
- C. Residential Water Service – Front Range Comparison will be in the target range of 20.1 – 30.0% higher than average
- D. Residential Wastewater Service – Front Range Comparison will be in the target range of +/-5.0% of average
- E. Small Commercial 4-Service Bill – Front Range Comparison will be in the target range of +/- 5.0% of average
- F. Industrial Electric-intensive Customer Bill – Front Range Comparison will be in the target range of 10.0 – 15.0% lower than average
- G. Industrial Electric – Nationwide Comparison will be in the target range of +/-5.0% of average
- H. Days Cash on Hand – Current Year will be in the target range of 151–160 days
- I. Days Cash on Hand – 3 Year Average will be in the target range of 151–160 days
- J. Adjusted Debt Service Coverage Current Year will be in the target range of 1.80 – 1.90 times
- K. Adjusted Debt Service Coverage 3 Year Average will be in the target range of 1.80 – 1.90 times
- L. Debt Ratio – Current Year will be in the target range of 54.2 – 50.2%
- M. Debt Ratio – 3 Year Average will be in the target range of 54.2 – 50.2%
- N. Bond Rating will be in the target range of Standard & Poors AA, Moody's Investors Service: Aa2, Fitch Ratings: AA

#### 2. Reliability:

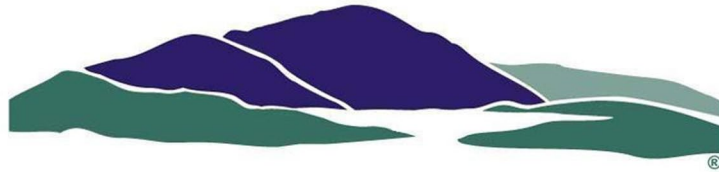
- A. Electric – SAIDI – Interruptions in minutes per year will be in the target range of 52.50 – 47.51 minutes
- B. Natural Gas – Failures per 100 miles of pipe will be in the target range of 6.00 – 4.00 failures
- C. Water – Failures per 100 miles of mainline will be in the target range of 12.00 – 10.00 failures

- D. Wastewater – Failures per 100 miles of mainline will be in the target range of 0.75 – 0.51 failures
  - E. Major Projects
    - i. Sustainable Energy Project Cost Performance Index (CPI) will be in the target range of 0.95 – 1.05
    - ii. Infrastructure Coordination with City will be in the target range of 0.94 – 1.06
    - iii. Fiber Network Expansion Program will be in the target range of 0.95 – 1.05
    - iv. Gas Distribution Integrity Management Program Construction and Operations Implementation will be in the target range of 3.0 – 3.9
3. Relationships:
- A. Customer Satisfaction – Residential will be in the target range of 2.50 – 3.49
  - B. Customer Satisfaction – Business will be in the target range of 2.50 – 3.49
  - C. Environmental Stewardship – Environmental Index will be in the target range of 75.00 – 85.99
  - D. Safety: Occupational Injuries and Illnesses Rate will be in the target range of +/-10% of Benchmark
  - E. Skilled Workforce – Workforce Index will be in the target range of 2.70 – 3.49

# Appendix

## APPENDIX

Document Title:	<a href="#">City Charter Related to Colorado Springs Utilities Governance</a> (Charter, Article 6)
	<a href="#">City Code Related to Colorado Springs Utilities Governance</a> (Chapter 12)
	<a href="#">City Code of Ethics</a>
	<b>Utilities Board Bylaws</b>
	<b>Utilities Policy Advisory Committee Bylaws</b>



Colorado Springs Utilities

*It's how we're all connected*

## **UTILITIES BOARD**

# **BYLAWS**

Originally Adopted: May 21, 1997  
Revised and Approved: August 17, 2022



**TABLE OF CONTENTS**  
**COLORADO SPRINGS UTILITIES**  
**UTILITIES BOARD**  
**BYLAWS**

RULE 1. - BOARD OF DIRECTORS .....Page 1

RULE 2. - BOARD OFFICERS AND DUTIES .....Page 1

RULE 3. - BOARD COMMITTEES.....Page 2

RULE 4. – MEETINGS .....Page 3

RULE 5. - CUSTOMER AND PUBLIC COMMENT.....Page 4

RULE 6. - BOARD ACTIONS.....Page 4

RULE 7. – MOTIONS .....Page 5

RULE 8. - SPECIAL MOTIONS .....Page 6

RULE 9. - MINUTES AND RECORDINGS .....Page 6

RULE 10. - EXECUTIVE SESSION PROCEDURES .....Page 7

RULE 11. - EXPENSE REIMBURSEMENT .....Page 8

RULE 12. - MODIFICATION OF BYLAWS .....Page 8

RULE 13. – ROLE OF THE MAYOR ON THE UTILITIES BOARD.....Page 8

**COLORADO SPRINGS UTILITIES  
UTILITIES BOARD  
BYLAWS**

**RULE 1. - BOARD OF DIRECTORS**

(a) The City Council serves as the Board of Directors of Colorado Springs Utilities pursuant to Section 6-40(a) of the City Charter.

(b) The authority of the Utilities Board is set forth in Article 1 of Chapter 12 of the Code of the City of Colorado Springs.

(c) The Board's job description and details of the Policy Governance process utilized by the Board in carrying out its responsibilities are contained in the Utilities Board Policies.

**RULE 2. - BOARD OFFICERS AND DUTIES**

(a) The officers of the Utilities Board are the Chair, Vice Chair and Secretary. The Chair and Vice Chair of the Utilities Board shall be elected by and from the members of the Utilities Board. The Chair of the Utilities Board shall have a voice and vote in the Utilities Board's proceedings. The Chair of the Utilities Board shall be recognized as leader of the Utilities Board. The Utilities Board will select the Utilities Board member to serve as Chair of the Utilities Board and the Utilities Board member to serve as Vice Chair of the Utilities Board by majority vote.

(b) Terms of office for the Utilities Board Chair and the Utilities Board Vice-Chair shall be two years. At its first regular meeting on or after the third Tuesday in April of each odd-numbered year, and biennially thereafter, the Utilities Board

shall elect one of its members as Chair of the Utilities Board and one of its members as Vice Chair of the Utilities Board.

(c) The Chair of the Utilities Board, or in the Chair's absence, the Vice Chair of the Utilities Board, shall chair all regular or special meetings of the Utilities Board. In the absence of both the Chair of the Utilities Board and Vice Chair of the Utilities Board, the Utilities Board member with the most seniority present at the meeting shall chair the meeting and perform the duties of the Chair at the meeting. If two or more members have equal seniority, the Utilities Board shall select one of the most senior Utilities Board members to chair the meeting and perform the duties of the Chair at the meeting.

(d) The Chair of the Utilities Board may be removed from the office of Chair of the Utilities Board, but not as a Utilities Board member, by a vote of at least five (5) members of the Utilities Board.

(e) The Chief Executive Officer, or the Chief Executive Officer's designee, shall serve as Secretary to the Utilities Board.

**RULE 3. - BOARD COMMITTEES**

(a) Colorado Springs Utilities Board has established four standing Committees of the Board (Finance Committee, Strategic Planning Committee, Personnel Committee, and the Program Management Review Committee). ~~The Board has established the Economic Development Subcommittee under the Strategic Planning and Finance Committees.~~ The Board may establish other

Committees and Subcommittees on an ad hoc basis and only by a vote of the Utilities Board. The Board will establish the purpose and authority of each Committee and Subcommittee. Committees and Subcommittees are authorized to provide information and recommendations to the Utilities Board but do not have approval authority over operations or activities.

(b) Committee and Subcommittee members are appointed from among members of the Utilities Board by the Utilities Board Chair and serve two-year terms concurrent with the municipal election cycle. Board Subcommittees may include citizens and customers appointed by the Utilities Board. Committee Chairs are appointed from among members of the Board Committees by the Utilities Board Chair and serve a two-year term concurrent with the municipal election cycle. The Subcommittee Chair is selected by the Board Members on the Subcommittee and serves a two-year term concurrent with the municipal election cycle. Committees will have a minimum of three Board members. Subcommittees will have a minimum of two Board members.

(c) In the absence of the Chair during any Committee or Subcommittee meeting, the Committee or Subcommittee may designate a Chair. Regular attendance of members at Committee and Subcommittee meetings is expected in order for the Committee or Subcommittee to function effectively. Committee and Subcommittee Board members may be removed by the Utilities Board Chair. Subcommittee citizen and customer members may be removed by the Utilities Board.

(d) Committees and Subcommittees will meet as often as may be deemed necessary or appropriate.

(e) Public notice of all meetings of the Committee or Subcommittee shall meet governing legal requirements. The notice shall be served at least 24 hours prior to the time of such meeting. Copies of the agendas with attachments for meetings will be distributed to Committee or Subcommittee members 24 hours prior to the time of such meeting.

(f) The Chief Executive Officer will provide Utilities staff support for Committees and Subcommittees. The Chief Executive officer or designee will be responsible for preparing draft agendas for review and approval by the Committee or Subcommittee Chair and for keeping minutes of all Committee or Subcommittee meetings. Copies of the minutes shall also be provided to members of the Utilities Board.

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

(h) A Committee or Subcommittee member's attendance at a Committee or Subcommittee meeting may be achieved electronically and/or telephonically with the approval of the Committee or Subcommittee Chair.

#### **RULE 4. - MEETINGS**

(a) The regular meetings of the Utilities Board shall be held at 1:00 pm on the Wednesday following the third Tuesday of

each month, unless another time for a specified regular meeting has been approved by the Chair or the Utilities Board and notice of the changed time for the specified regular meeting has been given in accordance with subsection (f) of this rule to the extent practical under the circumstances. In the event the time of a specified regular meeting is changed, the Chair or the Utilities Board, as appropriate, shall also direct any change in the times for agenda preparation and distribution as necessary under the circumstances.

(b) The regular meetings of the Utilities Board shall be held in the Blue River Board Room, 5th Floor, Plaza of the Rockies South Tower, 121 S. Tejon Street, Colorado Springs, Colorado, unless another location for a specified regular meeting has been approved by the Chair or the Utilities Board and the substitute location for a specific regular meeting is specifically described in the agenda for that specific meeting.

(c) Five members of the Utilities Board shall constitute a quorum, but in the absence of a quorum, members present may adjourn the meeting to a later date or may attend to any matters not requiring a quorum. For the purpose of establishing a quorum, the Mayor shall not be counted as one of the five necessary members.

(d) Special meetings of the Utilities Board may be held at such time and place as stated in the notice of the meeting. The Chair may, or, upon the request of three Utilities Board members, shall call special meetings of the Utilities Board by notice to each of the Utilities Board members in writing, which notice shall state the purpose for which the meeting is called. The notice shall be served at least 24 hours prior to the time of such meeting. The notice shall be served personally or by email to each

Utilities Board member at the email address shown on the Secretary's records.

(e) The Utilities Board by majority vote may recess a regular or special meeting to a time specified in the motion therefore.

(f) Public notice of all regular and special meetings of the Utilities Board shall at all times meet governing legal requirements. Copies of the complete agenda packet including all attachments will be posted on [csu.org](http://csu.org) no later than one week before the meeting is to commence.

(g) The Board shall determine what monthly agenda topics are required as part of its annual planning calendar.

(h) The general format of monthly agendas shall be determined by the Board.

(i) The Chief Executive Officer shall be responsible for preparation of a draft agenda for each regular Utilities Board meeting. The draft agenda shall be reviewed by the Chair who shall have final authority as to items to be included on the monthly agenda in addition to the items required to be considered by the Boards' annual planning calendar.

(j) Agendas with attachments for regular meetings will be distributed to Utilities Board members by 5:00 p.m. on Wednesday of the week preceding each regular meeting.

(k) Utilities Board members may request agenda items by contacting the Chief Executive Officer's Office or the Manager of Strategic Planning and Governance or the Utilities Board Administrator. The cut-off time for requesting additional agenda items for regular meetings shall be 5:00 p.m. on Monday of the week preceding the regular

meeting. For good cause, the Chair may authorize additional action or executive session items to be placed on the agenda for an upcoming meeting after this deadline provided that public notice of such additional action or executive session items is given in accordance with legal requirements and provided notice thereof is given to Board members in the same manner as required for a notice of special meeting under Rule (4)(d) above.

(l) As part of General Board Discussion, any Board member may raise any matter of concern relating to Utilities for discussion. However, no Board action can be taken on any such matter until it is placed on an agenda for a regular meeting or is a subject of a special meeting. Expense reimbursement matters may be discussed as part of General Board Discussion.

(m) Any Board members desiring to speak or to make a motion shall address the Chair as “Mr. (or Madam) Chair”, and the Chair shall thereupon pronounce the name of the Board member entitled to the floor. Board members addressing the Board shall confine themselves to the issues being discussed.

(n) A Board member’s presence at a Utilities Board meeting may be achieved electronically and/or telephonically with the approval of the Board Chair. Except in the event of extenuating circumstances, requests to attend a Utilities Board meeting electronically and/or telephonically must be submitted to the Board Chair no less than 7 days prior to a regular meeting of the Utilities Board, or no less than 12 hours prior to any special meeting of the Utilities Board.

#### **RULE 5. - CUSTOMER AND PUBLIC COMMENT**

(a) At each regular Utilities Board meeting, customers and members of the public shall be allowed to comment on any matters not on the current agenda and that are not repetitious, during the Customer Comment period. Individuals will be allowed a maximum of three (3) minutes, and the Customer Comment period will not exceed thirty minutes at each regular meeting. Time limits will be strictly enforced by Chair of the Utilities Board, unless the Chair agrees to extend the maximum time.

(b) At the discretion of the Chair, or the majority of Utilities Board members present, customers and members of the public will be allowed to comment or ask questions concerning other agenda items at regular meetings or concerning matters discussed at special meetings. Such comments or questions will be limited to three (3) minutes each, and will not exceed thirty minutes on any agenda item.

(c) Customers and members of the public may address the Utilities Board in person, electronically, or telephonically.

#### **RULE 6. - BOARD ACTIONS**

(a) Provided a quorum is present, the Utilities Board may take action only by resolution or motion.

(b) Resolutions or motions shall be approved by the majority vote of the members of the Utilities Board present, except that the affirmative votes of five members of the Utilities Board are required for adoption or revision of the Bylaws, adoption or revision of written Board Policies, and approval of any motion or resolution providing for the expenditure of money.

(c) A voice vote will be used for all Board items requiring a vote, with full details recorded in the minutes of the Utilities Board meeting. An additional roll call vote may be used as necessary for clarity or in the event a Board member is participating electronically and/or telephonically.

(d) Utilities Board resolutions shall be signed by the Chair and the Chief Executive Officer.

## **RULE 7. - MOTIONS**

(a) When a motion is made and seconded, it may be restated by the Chair or by the Chief Executive Officer before a debate and again before the final vote. Any member may demand that a motion be reduced to writing. A motion may not be withdrawn by the mover without the consent of the second.

(b) When an item is before the Utilities Board, no motion shall be entertained except as listed according to priority (highest to lowest):

(1) Motion to Adjourn - Requires a second, is not debatable, is not amendable, and requires a majority vote of those present.

(2) Motion to Recess - Requires a second, is not debatable, is amendable only as to time and duration of recess, and requires a majority vote of those present.

(3) Motion to Postpone Temporarily - Requires a second, is not debatable, is not amendable, and requires a majority vote of those present.

(4) Motion to Close Debate - Requires a second, is not debatable, is not amendable, and requires a 2/3 vote of those present.

(5) Motion to Limit or Extend Debate - Requires a second, is debatable as to type and time of limitations, is amendable as to time and type of limitations, and requires a 2/3 vote of those present.

(6) Motion to Postpone to a Definite Time - Requires a second, is debatable as to reasons for postponement and date of reconsideration, is amendable as to date of reconsideration, and requires a majority vote of those present.

(7) Motion to Refer - Requires a second, is debatable as to the referral, is amendable as to the referral, and requires a majority vote of those present.

(8) Motion to Amend - Requires a second, is debatable unless applied to an undebatable motion, is amendable, and requires a majority vote of those present.

(9) Motion to Postpone Indefinitely - Requires a second, is debatable, is not amendable, and requires a majority vote of those present.

(10) Motion to Reconsider - Requires a second, is debatable, is not amendable, and requires a majority vote of those present. This motion can be made at the same meeting or at a meeting other than the meeting at which the action was taken. If made at a meeting other than the meeting at which the action was taken, all members of the

Utilities Board must be given at least seven days written notice by the Chief Executive Officer that a named Board member is going to move to reconsider Item No. \_ of the formal Utilities Board Agenda of (Date). If the motion to reconsider is voted upon and approved, no action shall be taken on the item reconsidered until the next regular Utilities Board meeting.

(11) Main Motions - Requires a second, is debatable, is amendable, requires a majority vote of those present.

(c) In making any of the above motions, the motion maker may not interrupt another speaker.

#### **RULE 8. - SPECIAL MOTIONS**

(a) These motions must be disposed of immediately:

(1) Motion Objecting to Consideration - This motion must be made immediately after an item is called to the attention of the Utilities Board by the Chief Executive Officer. This motion enables the Utilities Board to avoid a main motion that would be undesirable to consider at the time. It does not require a second, is not debatable, is not amendable, and requires a 2/3 vote of those present.

(2) Motion to Withdraw - A mover of any motion may withdraw the motion as a matter of right so long as the consent of the second is first obtained.

(3) Motion to Suspend Rules - This motion applies to all procedural rules herein. The purpose of this rule is to enable the Utilities Board to set aside one or more of its procedural rules that

would otherwise prevent consideration of a certain action. A motion to suspend rules suspends only those rules which specifically interfere with the consideration of the particular action involved. The rules are suspended only temporarily and are automatically reactivated when the proposed action has been considered. Voting or notice requirements set forth in these Bylaws and rules set forth in the City Charter, City Code, Utilities tariffs or written Board Policies may not be altered by suspending the rules. A motion to suspend rules is not a debatable motion and may not be amended. It requires a majority vote of the Utilities Board members present.

#### **RULE 9. - MINUTES AND RECORDINGS**

(a) The Chief Executive Officer will be responsible for keeping minutes of all Utilities Board meetings. Minutes of the previous regular meeting and any special meetings occurring in the previous month shall be included in the Utilities Board member's agenda packets for distribution prior to each regular meeting.

(b) All regular and special Utilities Board meetings will be recorded, and the audio recordings will be archived.

(c) Minutes of the Utilities Board shall be archived and then posted on Colorado Springs Utilities' website, for a minimum of three (3) years, in order to be available for public access.

#### **RULE 10. - EXECUTIVE SESSION PROCEDURES**

(a) The Chief Executive Officer and the City Attorney's Office Utilities Division

Chief shall prepare the agenda for the Executive Session of the Utilities Board meeting. The agenda shall include those items that may be discussed in closed session.

(b) In compliance with the Colorado Open Meetings Act, prior to convening an Executive Session, the Chair shall announce the general topics of the Executive Session as set forth below. The Chair shall poll Board members, and, upon consent of two thirds of the Board members present, not including the Mayor if he or she is present, may hold a closed Executive Session. The Mayor may attend an Executive Session, but must comply with Rule 13 when in attendance at an Executive Session. If consent to the closed Executive Session is not given, the item may be discussed in open session or withdrawn from consideration.

(c) No adoption of any proposed policy, position, resolution, rule, regulation or formal action shall occur in Executive Session which is not open to the public. However, Utilities Board members may receive information and provide direction, as provided by law in the following areas:

- (1) Purchase, acquisition, lease, transfer, or sale of any real, personal or other property interests.
- (2) Conferences with the City Attorney or other attorneys for Utilities, for the purposes of receiving legal advice on specific legal questions, issues or matters.
- (3) Matters required to be confidential by federal or state law or rules and regulations.
- (4) Specialized details of security arrangements or investigations.

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

(6) Personnel matters except if the employee who is subject of the session has requested an open hearing, or if the personnel matter involves more than one employee, all the employees have requested an open meeting.

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

(d) Executive Sessions will be electronically recorded, and the audio recordings will be archived. All such recordings shall be privileged and confidential records.

(e) Any items discussed in Executive Session requiring formal Utilities Board or Council consideration ordinarily will be put on the next regular Utilities Board or City Council meeting agenda as a Utilities Business item.

(f) Nothing herein shall restrict the Board from deciding to hold an Executive Session regarding any other agenda item provided such decision meets the criteria set forth in sub paragraph 10 (c) above.

(g) Prior to entering into any Executive Session, Board members participating electronically or telephonically shall ensure that no other individual not authorized to



participate in the Executive Session is present or able to hear the matter discussed as part of the Executive Session.

**RULE 11. - EXPENSE REIMBURSEMENT**

(a) Utilities Board may authorize reimbursement of expenses incurred by its members for travel and educational purposes relating to their duties as Utilities Board members. Such reimbursements shall be in accordance with Colorado Springs Utilities then current travel policies. Any conflicts or issues shall be resolved by the Utilities Board.

(b) No vote of Utilities Board or of City Council shall be required to authorize such reimbursements.

(c) The appropriate Staff of Colorado Springs Utilities will coordinate necessary travel arrangements and will process reimbursement requests.

**RULE 12. - MODIFICATION OF BYLAWS**

(a) Utilities Board members can suggest modifications to Bylaws by placing the matter as an agenda item at a regular Utilities Board meeting.

(b) The Chief Executive Officer may suggest Bylaw revisions, but the decision to bring any such matters to a vote will be reserved to the Utilities Board.

**RULE 13. - ROLE OF THE MAYOR ON THE UTILITIES BOARD**

The Mayor shall have the right, but not the obligation, to attend Utilities Board meetings. Under City Charter Art. 6- 40(a), which states that the Mayor is “an ex officio

and non-voting member” of the Utilities Board, he or she does not have the right to vote as part of the Utilities Board; additionally, the Mayor shall not make or second any motions as a member of the Utilities Board. The Mayor may participate freely, within the procedural rules of the Utilities Board, in discussions, asking questions, and providing comments. Additionally, the Mayor may attend Executive Sessions of the Utilities Board in accordance with Rule 10.

**RULE 14. – APPLICATION OF CITY COUNCIL RULES**

In the event these Bylaws do not address a matter or issue, and such matter or issue is addressed by the Rules and Procedures of City Council, the Utilities Board shall apply the Rules and Procedures of City Council when considering such matter or issue.