

**AGENDA**  
**Wednesday, June 21, 2023**  
**1:00 p.m.**  
Join on your computer or mobile app  
[Click here to join the meeting](#)  
Or call in (audio only)  
[+1 719-733-3651,,804991373#](#)

<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: May 17, 2023	Chair Donelson	<b>Approval</b>
<b>1:15 p.m.</b>	<b>4.</b> Recognition: Fort Carson Intergovernmental Support (IGSA) Recognition	Travas Deal, Chief Executive Officer	<b>Information</b>
<b>1:25 p.m.</b>	<b>5.</b> Customer Comments <ul style="list-style-type: none"> <li>• During the customer comment period, comments are accepted for any topic not on the agenda.</li> <li>• Comments for specific agenda items will be taken following the presentation of the item and the Board's discussion.</li> <li>• Comments will be limited to three minutes per speaker, per item.</li> <li>• 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.</li> </ul>	Chair Donelson	<b>Information</b>

1:35 p.m.	6.	Compliance Reports: Balanced Scorecard Audit  E-2 CEO Responsibilities • Water Outlook	Travas Deal, Chief Executive Officer	<b>Monitoring</b>
1:50 p.m.	7.	Items Called Off Consent Calendar		
2:00 p.m.	8.	Amara Annexation Application of Water Extension Ordinance	Bryan English, Project Manager III	<b>Discussion</b>
2:30 p.m.	9.	Outside City Request for Water/Wastewater Service – 5290 Turquoise Drive	Bryan English, Project Manager III	<b>Discussion</b>
2:50 p.m.	10.	2023AB Bond Ordinance	Adam Hegstrom, Treasury and Finance Manager	<b>Discussion</b>
3:10 p.m.	11.	Fuel Related Rates Filing	Scott Shirola, Pricing and Rates Manager	<b>Discussion</b>
3:30 p.m.	12.	A Resolution Finding a Public Purpose in a Lease for Less Than Fair Market Value to the State of Colorado	Jessica Davis, Information Technology Manager	<b>Discussion</b>
3:50 p.m.	13.	A Resolution Authorizing the Acquisition of Real Property to be Used for the Central Bluffs Substation Project	Jessica Davis, Information Technology Manager	<b>Discussion</b>
4:10 p.m.	14.	Electric Integrated Resource (Clean Energy Plan) and Clean Heat Plans	David Longrie, Engineering Manager  Abby Ortega, Resource Infrastructure Planning General Manager	<b>Approval</b>
4:20 p.m.	15.	Board Member Updates	Board of Directors	<b>Information</b>

<b>4:30 p.m.</b>	<b>16.</b> Summary of Board Actions	Andie Buhl, Utilities Board Administrator
<b>4:40 p.m.</b>	<b>17.</b> Executive Session <i>In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Law, C.R.S. § 24-6-402(4)(b) and Utilities Board Bylaws Rules 10(c)(2), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session on one issue. The issue to be discussed involves conferences with the City Attorney’s Office and outside counsel for the purpose of receiving legal advice on specific legal questions.</i>  <i>The City Attorney’s Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.</i>	Renee Congdon, Division Chief – Utilities, Office of the City Attorney
<b>5:40 p.m.</b>	<b>18.</b> Adjournment	Chair Donelson

**MINUTES**  
**Colorado Springs Utilities Board Meeting**  
**Wednesday, May 17, 2023**

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

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

**Staff members present via Microsoft Teams or Blue River Conference Room:** Travas Deal, Natalie Watts, Andie Buhl, Joe Awad, David Longrie, Mike Francolino, Renee Adams, Abby Ortega, Scott Shirola, Kalsoum Abbasi, Tristan Gearhart and Bryan English

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

**Citizens present via Microsoft Teams or Blue River Conference Room:** Gary Burghart and Ray O'Sullivan

**1. Call to Order**

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

**2. Invocation and Pledge of Allegiance**

Chaplain Matt Kasper delivered the invocation and Chair Donelson led the Pledge of Allegiance.

**3. Consent Calendar**

**3a. Approval of Utilities Board Meeting Minutes: April 19, 2023**

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

**4. Customer Comments**

There were none.

**5. Compliance Reports**

- I-2 Financial Condition and Activities (to include Contracts Over \$500K) G-7 – Q1
- I-2 Financial Condition and Activities - Annual City Auditors Report G-7 (Annual external)

- I-8 Asset Protection - Annual City Auditors Report
- E-2 CEO Responsibilities
  - Water Outlook
  - ECA/GCA Monitoring

Ms. Kalsoum Abbasi, Planning Supervisor – Water Conveyance, discussed local weather conditions as of April 30, 2023 and the U.S. drought monitor, which shows abnormally dry and drought conditions across eastern Colorado, with areas in western Colorado free from drought. She said the snowpack in the Arkansas River Basin is 87% of normal as of May 15 and the snowpack in the Colorado River Basin is 137% of normal as of May 15.

Ms. Abbasi said the statewide SNOTEL (SNOWpack TELEmetry) map shows that watersheds in western Colorado are at or above normal snow water equivalent, with lower-than-average SWE (Snow Water Equivalent) in eastern Colorado watersheds. She explained that May 1 yield forecast predicts 100% of average yield from Colorado Springs’ water collection systems this year. Ms. Abbasi said water demand in April averaged 49.3 million gallons per day, which was 6.7% less than last year. She reviewed monthly water use for April 2023 with a total water use of about 1.48 billion gallons.

Ms. Abbasi discussed Colorado Springs’ system wide storage, which is about 183,600 acre-feet, or 70.8% of capacity. She pointed out this is above the shorter-term (2001-2022) average of 67% for this time of year. She said Colorado Springs’ system wide storage was about 183,200 acre-feet, or 70.7% of capacity, on April 30, which is just below the longer-term (1991-2021) average of 72% for this time of year. Ms. Abbasi said this equates to about 2.6 years of demand in storage.

Mr. Travas Deal, Chief Executive Officer, expressed appreciation for Ms. Abbasi and wished her well during retirement. Chair Donelson and Board Member Avila also thanked Ms. Abbasi for her service to the organization.

**6. Items Called Off Consent Calendar**

There were none.

**7. Water Service Extension Ordinance & Annexations**

Ms. Abby Ortega, Resource Infrastructure Planning General Manager, said Ordinance No. 23-03 passed on Feb. 14, 2023 and codified as City Code section 12.4.305. He said it requires the Utilities Board to recommend and City Council to approval to the extend water service boundary. She said it does not apply to in-City development or areas already receiving City water service. Ms. Ortega said approval must be based on substantiated and written record demonstrating one of the following:

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

- OR -

2. A unique and extraordinary event or circumstance necessitates an extension of water services to serve critical interests of the City;
  - OR -
3. The area is an enclave, or the area is owned or leased by the City, or the extension will have a de minimis impact on the overall City's available water supply.

*\*Calculated using a five-year rolling average of unrestricted weather normalized usage data.*

Ms. Ortega reviewed Springs Utilities' application of ordinance language and overall annexation process.

#### Villages at Waterview North Annexation

Mr. Bryan English, Project Manager III, provided a property description and proposed development of the Villages at Waterview North Annexation. He reviewed the annexation petition status for the property and explained the annexation agreement. Mr. English reviewed the four-service (water, wastewater, natural gas and electric/fiber) perspective, capital cost for capacity, and application of water extension ordinance.

#### *Customer comment:*

Mr. Ray O'Sullivan expressed concerns about the cost recovery and the change of policy for this project.

Mr. English concluded with next steps, and the Utilities Board agreed to refer this to Planning Commission and City Council.

#### T5 Annexation

Mr. English provided a property description for the T5 Annexation. He provided an annexation petition status for the property and explained the annexation agreement. Mr. English reviewed the application of water extension ordinance. He concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

#### City Right-of-Way Annexations

Mr. English provided a property description for the City Right-of-Way Annexations, as well as their proposed developments and additions. He also reviewed the application of the water extension ordinance. Mr. English concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

#### Hope Chapel Additions No. 1 and 2 Annexations

Mr. English provided a property description for the Hope Chapel Additions No. 1 and 2 Annexations and an annexation petition status for the property. He also explained the annexation agreement and application of water extension ordinance. He concluded with next steps, and the Utilities Board agreed to refer this item to City Council.

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

Ms. Abby Ortega, Resource Infrastructure Planning General Manager, provided background information about the FVA which was established in 1979 to operate the Fountain Valley Conduit, the Water Treatment Plant and system. She said FVA partner entities include Colorado Springs, Fountain, Security, Stratmoor Hills, and Widefield. Ms. Ortega explained how the Fountain Valley conduit is owned by the Bureau of Reclamation and operated under a separate contract and the Water Treatment Plant is operated by the FVA under contract with the participating entities.

Ms. Ortega reviewed the terms of the contract between FVA members and the Authority:

- Term of contract is 40 years
- Will deliver water per terms in Conveyance Contract
- Details operation, metering, billing and insurance obligations
- Allows for delivery through Colorado Springs reverse flow if the Water Treatment Plant is down for maintenance with approval

Ms. Ortega concluded with next steps, and the Utilities Board agreed to put this item on Consent at the June 13, 2023 City Council meeting.

The Utilities Board took a break at 2:20 p.m. and returned at 2:32 p.m.

## **9. Clean Heat Plan**

Mr. David Longrie, Engineering Manager, provided a Clean Heat Plan (CHP) overview and stated that the Colorado Senate Bill 21-264 was signed in June 2021. He said it requires gas utilities with more than 90,000 retail customers to develop, file, and receive approval of comprehensive clean heat plans designed to reduce greenhouse gas (GHG) emissions. Municipal gas distribution utilities shall submit their CHP to the Air Pollution Control Division (Division) no later than Aug. 1, 2023 for verification.

Mr. Longrie reviewed regulatory considerations and differences. He explained how Springs Utilities, as a municipal utility, must set rules for compliance within legislative provisions. Mr. Longrie said the CHP must include a robust public process, which will educate and bring awareness to customers of the requirements and the incentives available. He said stakeholders will be able to provide feedback that will be taken into consideration before submittal of the CHP. He also reviewed the CHP guidance document, which states:

- Springs Utilities will utilize clean heat resources to the maximum extent practicable and count greenhouse gas emission reductions resulting from the use of those resources.
- Springs Utilities shall calculate a baseline level of emissions for calendar year 2015.

- Springs Utilities shall exclude emissions from its power plants served by Springs Utilities' gas distribution system as those emissions are accounted for under Springs Utilities' Clean Energy Plan.
- Springs Utilities will use 2015 actual revenue adjusted for the gas cost adjustment (GCA) balance – an annual cost impact of \$2.5 - \$4 million.

Mr. Longrie said Springs Utilities' CHP application shall:

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

Mr. Longrie said Springs Utilities shall present the following portfolios of clean heat resources:

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

Mr. Longrie explained how Springs Utilities shall provide a prospective gas demand side management (DSM) plan demonstrating the organization's proposed expenditures by year for each DSM program. He concluded with next steps for the CHP.

#### **10. Economic Development Subcommittee Dissolution**

Ms. Natalie Watts, Strategic Planning and Governance Manager, said according to the Utilities Board Bylaws:

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

Ms. Watts said in 2018, the Economic Development Subcommittee (EDSC) was established by the Utilities Board to review performance and compliance with Utilities Board policies and guidelines. She said the subcommittee is comprised of Utilities Board Members and external economic development stakeholders and makes recommendations to the Finance and Strategic Planning Committees.

Ms. Watts reviewed staff's recommendation which is to dissolve the EDSC for the following reasons:

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

Vice Chair O'Malley moved approval of the recommendation and Board Member Henjum seconded the motion. The recommendation to dissolve EDSC was unanimously approved.

## **11. Board Member Updates**

Board Member Helms shared efforts he uses at home to reduce water usage.

Board Member Leinweber said he is in the process of making his home operate fully on solar.

Board Member Henjum and Mr. Deal provided an update about the regional water task force.

Board Member Avila provided updates from Springs Utilities' Delta potluck event and the May Personnel Committee meeting regarding diversity hires at Springs Utilities.

Board Member Talarico expressed appreciation from attending the Program Management Review (PMR) fiber tour.

Chair Donelson and Mr. Deal recognized Mr. Doug Lyons, Vegetation Management Program Manager, for receiving an award on Arbor Day. Chair Donelson provided an update from the energy public meeting that took place on May 8, and he also shared how beneficial the PMR fiber tour was for the Utilities Board.

**12. Summary of Board Actions**

There were none.

**13. Adjournment**

The meeting adjourned at 2:56 p.m.

# Board Memo Agenda Item

## Staff Report

**Date:** June 21, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Fort Carson Intergovernmental Support (IGSA) Recognition

**NARRATIVE:**

**Desired Action:** Information

**Executive Summary:** Colorado Springs Utilities and Fort Carson executed an Intergovernmental Support Agreement (IGSA) on March 16, 2022, to provide electric and gas system services, which commenced on Dec. 30, 2022. The term of the agreement is for one year and is renewable for successive one-year periods for up to nine additional years.

Spring Utilities is enhancing services and reducing costs for Fort Carson by operating, maintaining, and repairing Fort Carson’s electric, gas, and water cathodic protection systems according to industry best practices. Fort Carson and Colorado Springs Utilities have developed a true partnership to enhance mission assurance and energy resiliency within a critical local defense community.

**Benefits:** Colorado Springs Utilities is providing a first of its kind IGSA in scope and scale to the United States Army.

**Board Policy:** N/A

**Cost/Budget:** Time and materials agreement (no impact to other customers)

**Affected Parties:** Fort Carson populous and Utilities employees.

**Alternatives:** N/A

<b>Submitter:</b> Jennifer Alecci	<b>Email address:</b> jalecci@csu.org
<b>Division/ Department:</b> Operations/Utility Construction and Maintenance	<b>Phone number:</b> 719-491-7731
	<b>Date submitted:</b> June 2, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 4</b>
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# Board Memo Agenda Item

## Staff Report

**Date:** June 21, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** 2022 Balanced Enterprise Scorecard Audit Results

### NARRATIVE:

**Desired Action:** Information

**Executive Summary:** The City Auditor performed an audit of Colorado Springs Utilities' 2022 Balanced Enterprise Scorecard from January-April 2023. The purpose of the audit was to validate data and support for the scorecard reported results. The scorecard is a strategic planning and management tool used to measure and monitor the organization's performance in achieving enterprise strategic objectives. Additionally, the scorecard is one component of the Chief Executive Officer's performance plan.

The Auditor's Office had one recommendation and one opportunity for improvement. The recommendation was that management should revise measurement criteria to track Sustainable Energy Plan (SEP) capital projects that better reflects project performance against budget and schedule. The opportunity for improvement was that management should consider review of the Scorecard measures to ensure focus on key measures and minimize changes from year to year.

Colorado Springs Utilities staff agreed with both the recommendation and the opportunity for improvement.

**Benefits:** Ensures compliance with Colorado Springs Utilities' Bylaws and Governance Manual and identifies areas for improvement moving forward.

**Board Policy:** N/A

**Cost/Budget:** N/A

**Affected Parties:** Colorado Springs Utilities employees, customers and Board Members

**Alternatives:** N/A

**Submitter:** Natalie Watts

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

**Division/** Administrative and Human Resources

**Phone number:** 719-668-3827

**Department:** Division/Strategic Planning & Governance

**Date submitted:** June 9, 2023

**SPG Staff Use Only:** Consent Calendar

Yes

**X**

No

**ITEM NO. 6**



Colorado Springs Utilities  
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# 2022 Balanced Scorecard Audit

Natalie Watts

Manager, Strategic Planning and Governance

# Timeline

- **January 2023:** Colorado Springs Utilities staff began meeting with the Auditor's Office on the 2022 Balanced Scorecard audit
- **April 2023:** Audit was finalized and approved
- **May 2023:** Findings from the audit were presented at the May 18 Audit Committee meeting
- **June 2023:** Report goes to the Utilities Board for discussion



## OFFICE OF THE CITY AUDITOR

### COLORADO SPRINGS, COLORADO

Jacqueline M. Rowland  
City Auditor, CPA CFE PMP



### 23-12 Colorado Springs Utilities Enterprise Balanced Scorecard

May 2023

<p><b>Purpose</b> The purpose of this audit was to validate data and support for the Colorado Springs Utilities 2022 Enterprise Balanced Scorecard (Scorecard) reported results. The Scorecard was a strategic planning and management tool to measure and monitor the organization's performance in achieving enterprise strategic objectives. Additionally, the Scorecard was one component of the Chief Executive Officer (CEO) performance plan.</p>	<p><b>Recommendations</b> 1. Utilities management should revise measurement criteria to track Sustainable Energy Plan (SEP) capital projects that better reflects project performance against budget and schedule.</p>
<p><b>Highlights</b> We conclude that the 2022 Scorecard results were accurately reported in accordance with Scorecard definitions. Metrics reported to Utilities Board for 2022 were properly supported by valid data and the overall score was in the meets expectations category. We identified one observation and one opportunity to improve Scorecard measurement.</p> <p>Annually, Scorecard measures and targets were developed and approved by the Utilities Board. Financial stewardship targets were aligned with the Strategic Plan and Annual Operating and Financial Plan.</p> <p>Utilities utilized the Kaplan-Norton approach for Scorecard development in accordance with the Strategic Plan. Under Kaplan-Norton, the balanced Scorecard looks at strategic measures in addition to traditional financial measures to obtain a more balanced view of organizational performance. Kaplan-Norton incorporates measures that relate to customer/stakeholder, foundational (workforce and safety), and internal business processes (operations and infrastructure), as well as financial perspectives. See page 2 for more information.</p> <p>The CEO performance plan included results from the Scorecard, in addition to an assessment of strategic initiatives and five competencies (balances internal/external stakeholders, Utilities Board interaction, safety, leadership, and cultivates innovation and a strategic mindset).</p> <p>We would like to thank Colorado Springs Utilities staff for their support of this audit.</p>	<p><b>Opportunity for Improvement</b> 1. Utilities management should consider review of the Scorecard measures to ensure focus on key measures and minimize changes from year to year.</p>
<p><b>Management Response</b> Management was in agreement with our recommendations.</p>	

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[www.ColoradoSprings.gov/cityauditor](http://www.ColoradoSprings.gov/cityauditor)

# Purpose of the Audit

- Validate data and support for the Colorado Springs Utilities 2022 Enterprise Balanced Scorecard reported results.
- *This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.*



# Highlights

- The Auditor's Office concluded that the 2022 Scorecard results were accurately reported in accordance with Scorecard definitions.
- Metrics reported to the Utilities Board for 2022 were properly supported by valid data and the overall score was in the meets expectations category.



# Findings from the Audit

# Recommendation

- Springs Utilities management should revise measurement criteria to track Sustainable Energy Plan (SEP) capital projects that better reflects project performance against budget and schedule.



# Opportunity for Improvement

- Colorado Springs Utilities management should consider review of the Scorecard measures to ensure focus on key measures and minimize changes from year to year.





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# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

Jacqueline M. Rowland  
City Auditor, CPA CFE PMP

## 23-12 Colorado Springs Utilities Enterprise Balanced Scorecard

May 2023

### **Purpose**

The purpose of this audit was to validate data and support for the Colorado Springs Utilities 2022 Enterprise Balanced Scorecard (Scorecard) reported results. The Scorecard was a strategic planning and management tool to measure and monitor the organization's performance in achieving enterprise strategic objectives. Additionally, the Scorecard was one component of the Chief Executive Officer (CEO) performance plan.

### **Highlights**

We conclude that the 2022 Scorecard results were accurately reported in accordance with Scorecard definitions. Metrics reported to Utilities Board for 2022 were properly supported by valid data and the overall score was in the meets expectations category. We identified one observation and one opportunity to improve Scorecard measurement.

Annually, Scorecard measures and targets were developed and approved by the Utilities Board. Financial stewardship targets were aligned with the Strategic Plan and Annual Operating and Financial Plan.

Utilities utilized the Kaplan-Norton approach for Scorecard development in accordance with the Strategic Plan. Under Kaplan-Norton, the balanced Scorecard looks at strategic measures in addition to traditional financial measures to obtain a more balanced view of organizational performance. Kaplan-Norton incorporates measures that relate to customer/stakeholder, foundational (workforce and safety), and internal business processes (operations and infrastructure), as well as financial perspectives. See page 2 for more information.

The CEO performance plan included results from the Scorecard, in addition to an assessment of strategic initiatives and five competencies (balances internal/external stakeholders, Utilities Board interaction, safety, leadership, and cultivates innovation and a strategic mindset).

We would like to thank Colorado Springs Utilities staff for their support of this audit.

### **Recommendations**

1. Utilities management should revise measurement criteria to track Sustainable Energy Plan (SEP) capital projects that better reflects project performance against budget and schedule.

### **Opportunity for Improvement**

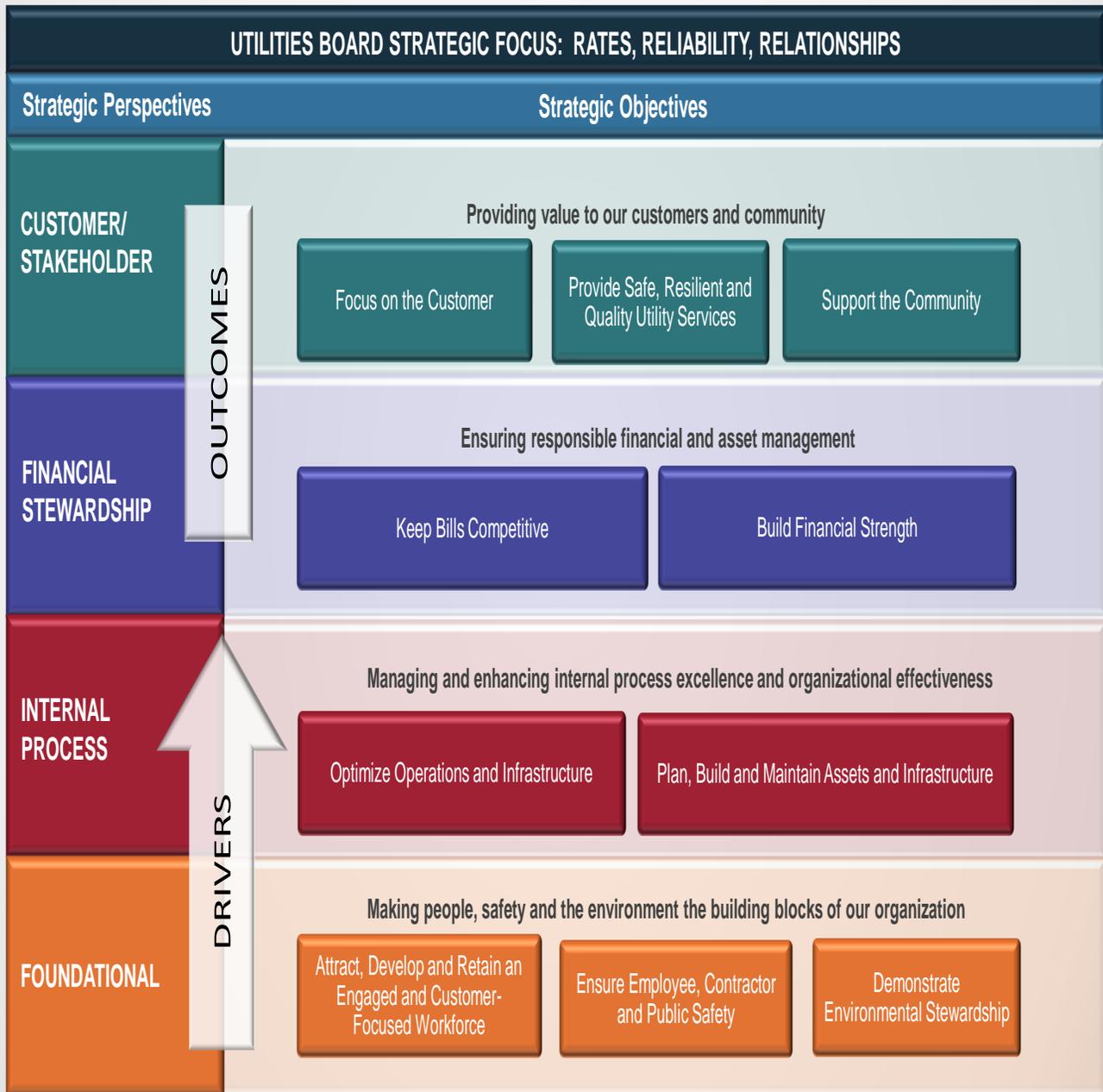
1. Utilities management should consider review of the Scorecard measures to ensure focus on key measures and minimize changes from year to year.

### **Management Response**

Management was in agreement with our recommendations.

## Colorado Springs Utilities Strategy Map

Effective January 1, 2022



Source: Colorado Springs Utilities Strategic Plan January 1, 2022

## 23-12 Colorado Springs Utilities Enterprise Balanced Scorecard

### **Observation 1**

The 2022 Scorecard included a Cost Performance Index (CPI) measure for the Sustainable Energy Plan (SEP) portfolio multi-year capital projects. The intent of this measure was to indicate the efficiency of cost performance. The measure was not effective in representing cost performance against budget.

Increases to the project cost through change orders and amendments were added to the earned value. This resulted in an earned value exactly equal to actual cost. This method of calculating earned value would always result in a score of 1 (meets expectations).

It was not clear how the project budget used in the calculation was determined. The project budget was not tied to the Annual Operating and Financial Plan budget for 2022. It was not clear at what point the actual budget amount was baselined for the projects, and subsequently updated due to contract amendments as the design progressed.

### **Management Response**

We agree with this recommendation. The calculation of the Cost Performance Index (CPI) methodology for this metric is in accordance with the Project Management Institute. Utilities acknowledges that the CPI index is not a representative metric to monitor the success of this project. Staff will re-examine and recommend alternative budget and schedule measures for the 2024 Enterprise Balance Scorecard development, as applicable, by January 31, 2024.

### **Recommendation**

Utilities management should revise measurement criteria for SEP capital projects to ensure criteria:

- Reflects project performance against budget and schedule.
- Specifies at what point the actual budget is established and when it is appropriate to update the budget to track and report any variances.

## 23-12 Colorado Springs Utilities Enterprise Balanced Scorecard

### **Opportunity 1**

Changes to certain Scorecard categories for 2022 included adding measures, revising measurement criteria for existing metrics, and changing weighting of scores. The Scorecard included twenty-six measures in total for the 40% components of the CEO performance plan. The remaining 60% were for the CEO measures which were not scored in 2022 due to the CEO position being vacant.

Changes from the 2021 to the 2022 Scorecard included increased weighting of reliability measures while decreasing weighting of rates and financial strength measures. Measurement criteria for residential and business customer satisfaction, and the workforce index were revised. Three financial strength measures were added. Rates comparison metrics were revised to increase the number of residential measures and decrease the number of commercial measures. Changes were made to some of the measures that did not meet or partially met 2021 expectations.

Limiting Scorecard changes facilitates consistent assessment of performance and clear understanding of progress towards strategic goals over time.

Auditors identified literature authored by Kaplan-Norton which encouraged focus on a few measures through the balanced scorecard that are most critical to the business. Under Utilities governance guidance, Utilities Board was responsible for approval of the annual Scorecard measures.

### **Management Response**

We agree with this recommendation. Due to executive leadership and Utilities Board member changes, Utilities management anticipates updates to the 2024 scorecard. Utilities is reviewing the past five years of scorecard performance measures and targets with the goal of identifying those metrics most relevant to the Board strategic focus areas and enterprise strategic objectives. As part of this review, we will consider the recommendation to reduce the number of measures to focus on those best reflecting enterprise performance and that can be sustained over multiple years to allow for better year-to-year comparison. The 2024 enterprise balanced scorecard will be presented to the Utilities Board for approval at the December meeting.

### **Recommendation**

Utilities management should consider:

- Review of Scorecard measures to ensure focus on a limited number of key performance and strategy measures.
- Practices that minimize Scorecard changes from year to year.



**Date:** June 21, 2023

**To:** Utilities Board

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

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

**Desired Action:** Monitoring

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

**June 2023 Water Outlook using data as of May 31, 2023**

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

**2023 Demands:** May use averaged 65.2 million gallons per day (MGD), which was about 20.0% less than last May. Year to date demand is averaging 48.8 MGD, which is 5.2% less than last year at this time. Temperatures in May were above the thirty-year average at 58.4 degrees Fahrenheit, which was 1.3 degrees above normal. Year to date temperatures have averaged 41.7 degrees Fahrenheit, which is 0.5 degrees below normal. Total precipitation for May was 5.22 inches, which is above normal. Year to date precipitation is 7.63 inches, which is 158% of normal.

**Current Reservoir Levels:** Local storage is currently at about 55,324 acre-feet (84% of capacity). The 1991-2020 average is 81% of capacity. Rampart Reservoir is at 95% of capacity, and Pikes Peak storage is at 66% of capacity. System wide, total storage is about 204,000 acre-feet (79% of capacity). Last year at this time, total system wide storage was 76% of capacity. It was about 75% at this same time in 2021, about 81% of capacity in 2020, about 73% of capacity in 2019, about 85% of capacity in 2018, about 83% of capacity in 2017, about 81% of capacity in 2016, about 84% of capacity in 2015, and about 66% of capacity in 2014. The 1991-2021 average system wide storage for the end of May is 76% of capacity.

**Water Supply Outlook:** Our May yield forecast predicts 100% of average yield from Colorado

Springs' water collection systems this year. Snowpack is above average in most of Colorado, except for the South Platte and Laramie/North Platte River basins. The three-month climate outlook predicts high chances for above-average temperatures across all of Colorado and equal chances of below-average and above-average precipitation across most of Colorado, with the southwest part of the state showing slightly below average chances of normal precipitation. We continue to monitor snowpack, demand and storage to maximize available water supply.

**Operational Notes:** Total system storage is at 78% of capacity and holds about 2.9 years of demand, which is above average for the end of May. Local storage contains about 283 days of demand.



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# Water Outlook

Katie Garrett, EIT

Water Resources Engineer, Water Conveyance

June 1, 2023

# Local Weather Conditions as of May 31, 2023

## Precipitation (Inches of Moisture)

- May 2023 – 5.22 in. (262% of normal)
- 2023 YTD Total – 7.63 in. (158% of normal)

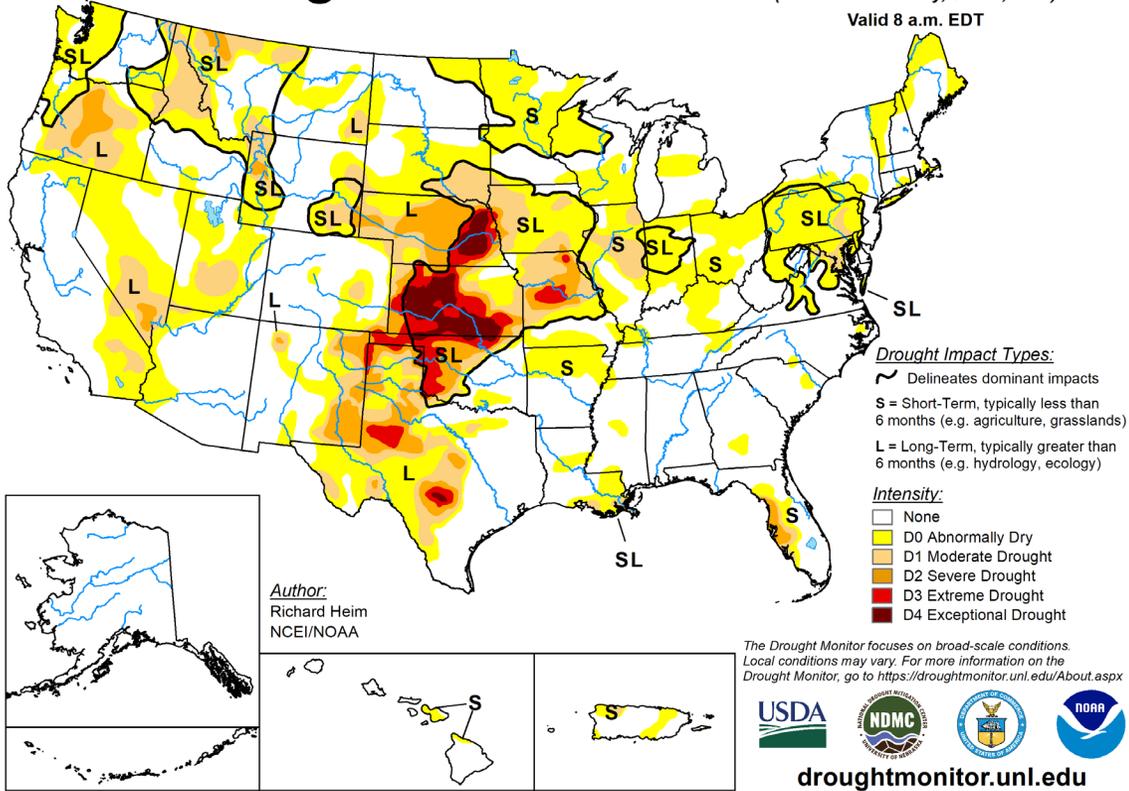
## Average Temperature (Degrees F)

- May 2023 – 58.4 Deg. (1.3 deg. above normal)
- 2023 YTD Average – 41.7 Deg. (0.5 deg. below normal)



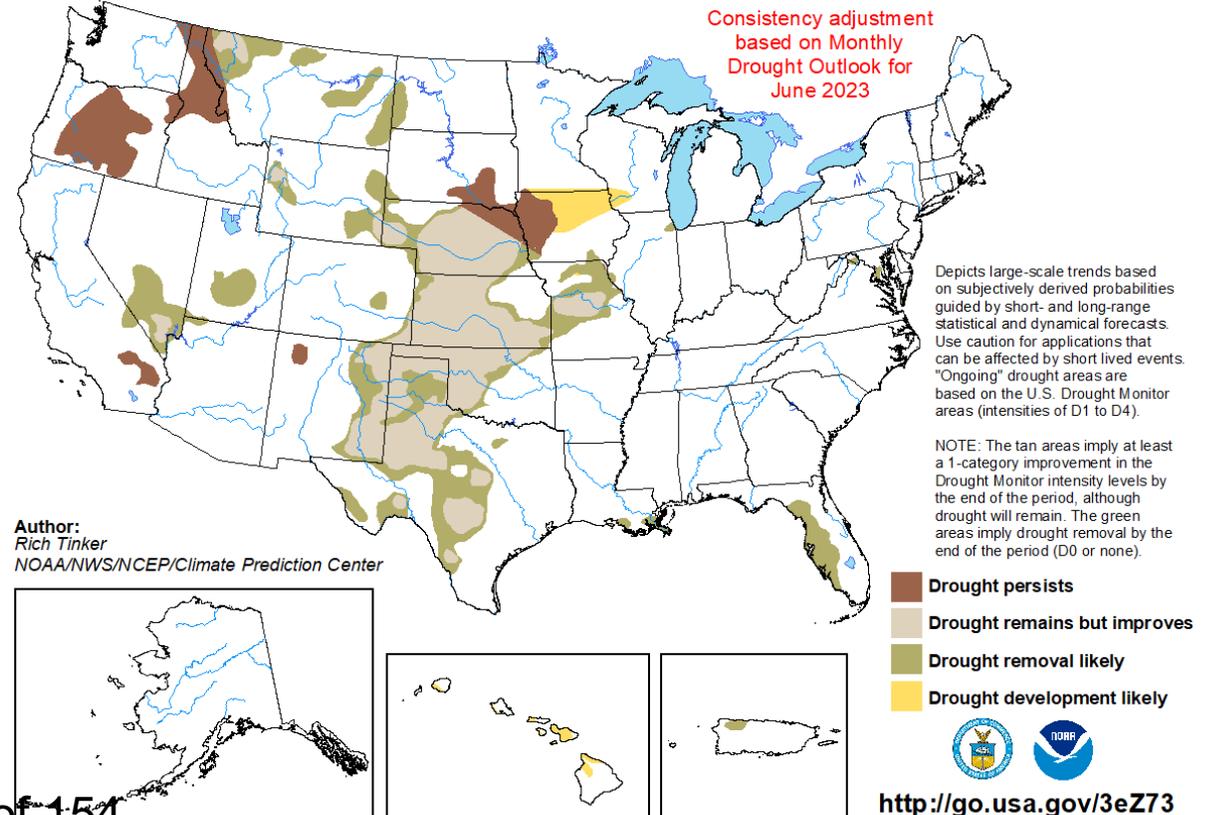
# U.S. Drought Monitor

May 30, 2023  
 (Released Thursday, Jun. 1, 2023)  
 Valid 8 a.m. EDT



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

Valid for June 1 - August 31, 2023  
 Released May 31, 2023

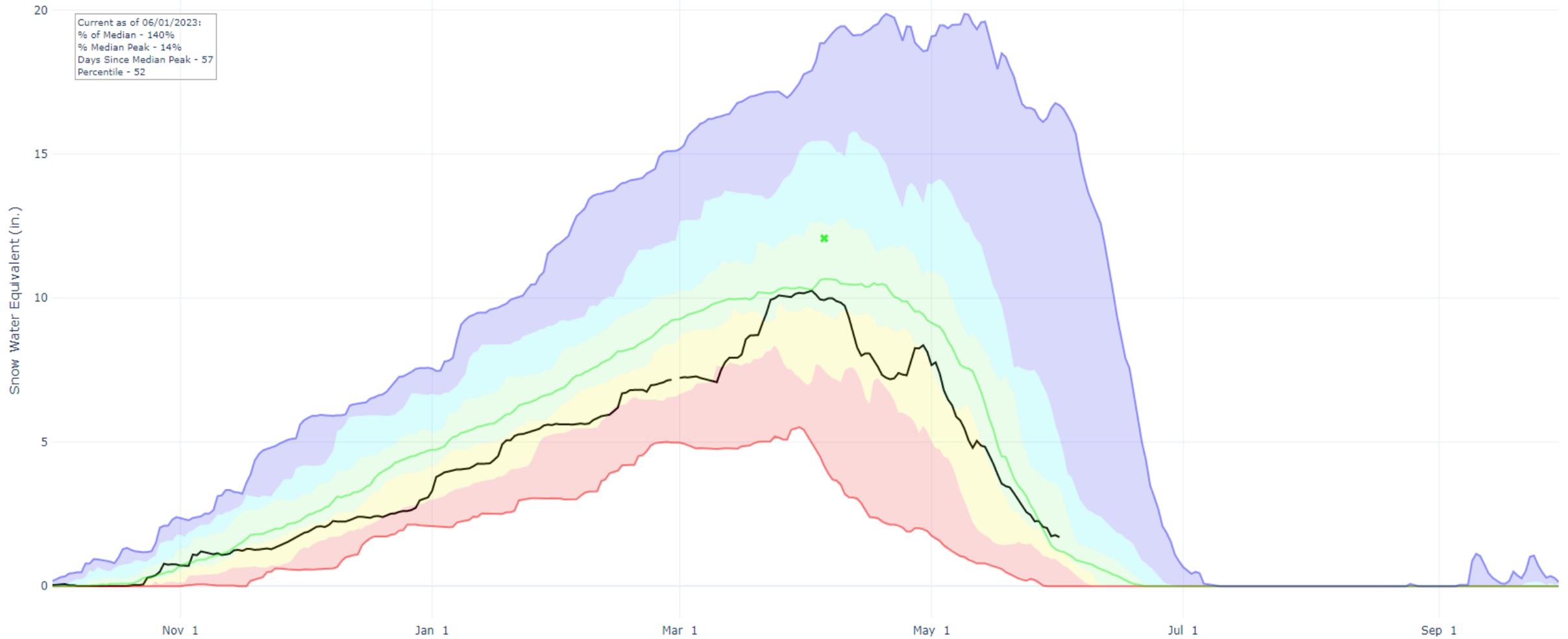


# SNOW WATER EQUIVALENT IN ARKANSAS

Reset Range

Current as of 06/01/2023:  
% of Median - 140%  
% Median Peak - 14%  
Days Since Median Peak - 57  
Percentile - 52

# Snowpack in the Arkansas River Basin is 140% of normal

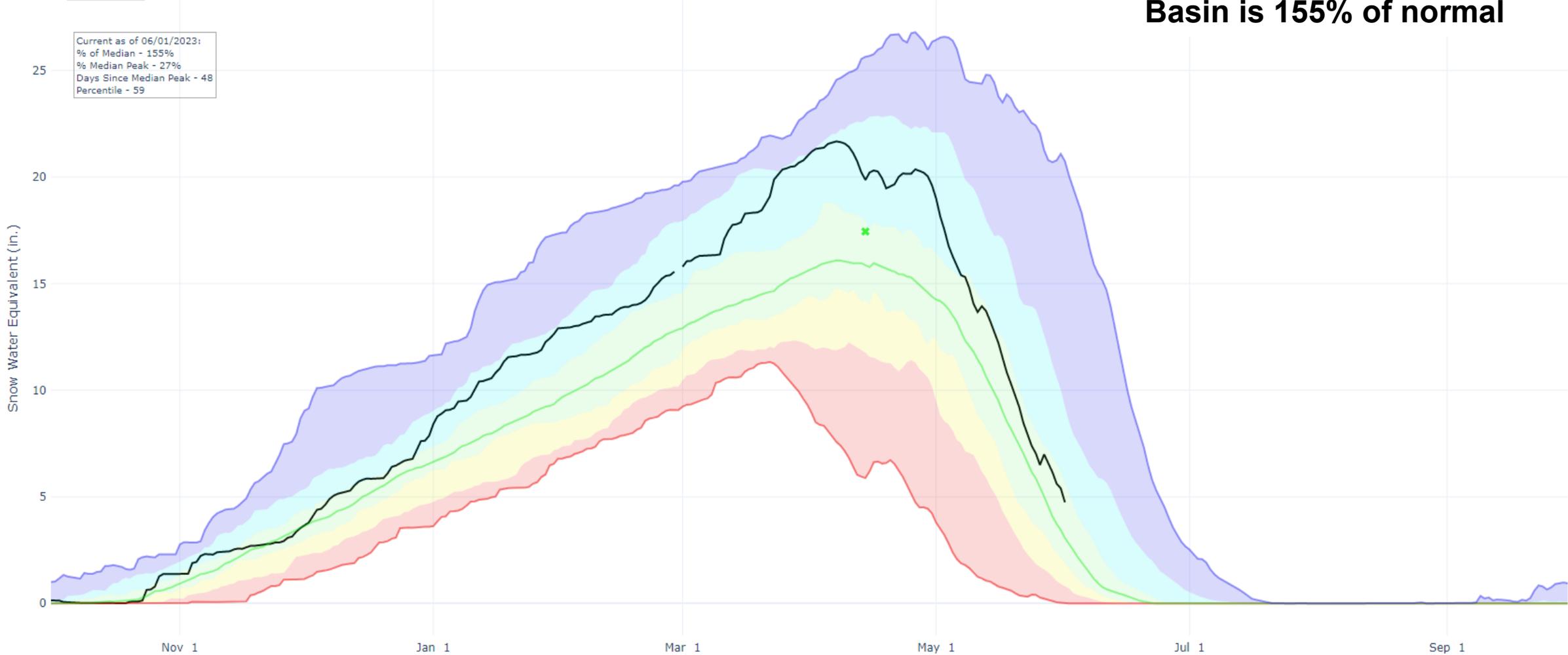


# SNOW WATER EQUIVALENT IN COLORADO HEADWATERS

Reset Range

Current as of 06/01/2023:  
% of Median - 155%  
% Median Peak - 27%  
Days Since Median Peak - 48  
Percentile - 59

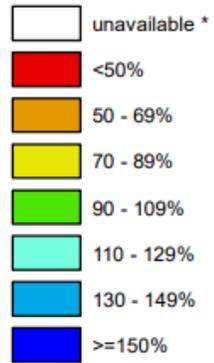
## Snowpack in the Colorado River Basin is 155% of normal



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

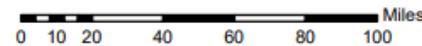
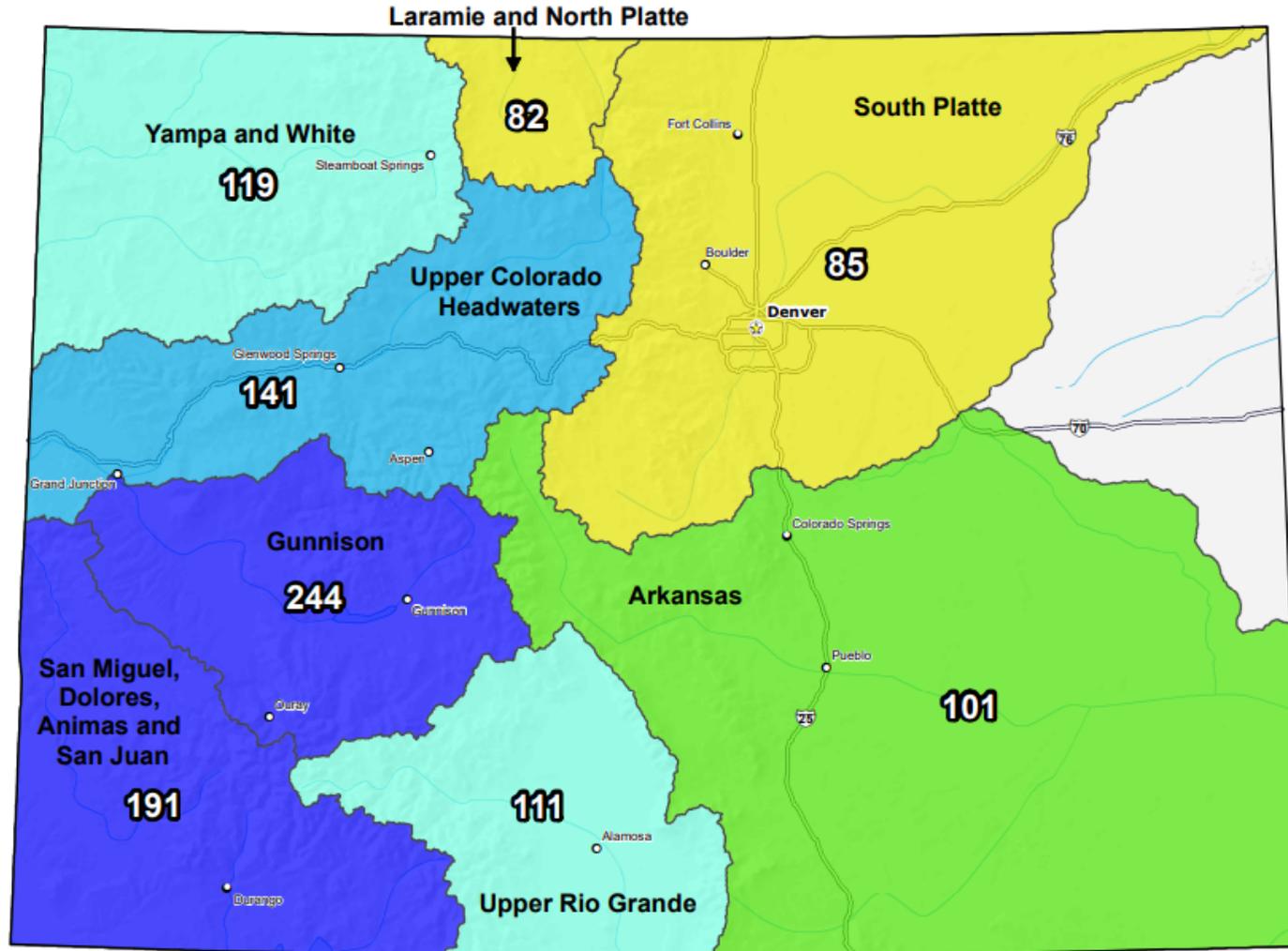
**Jun 01, 2023**

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



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

**Provisional Data  
 Subject to Revision**

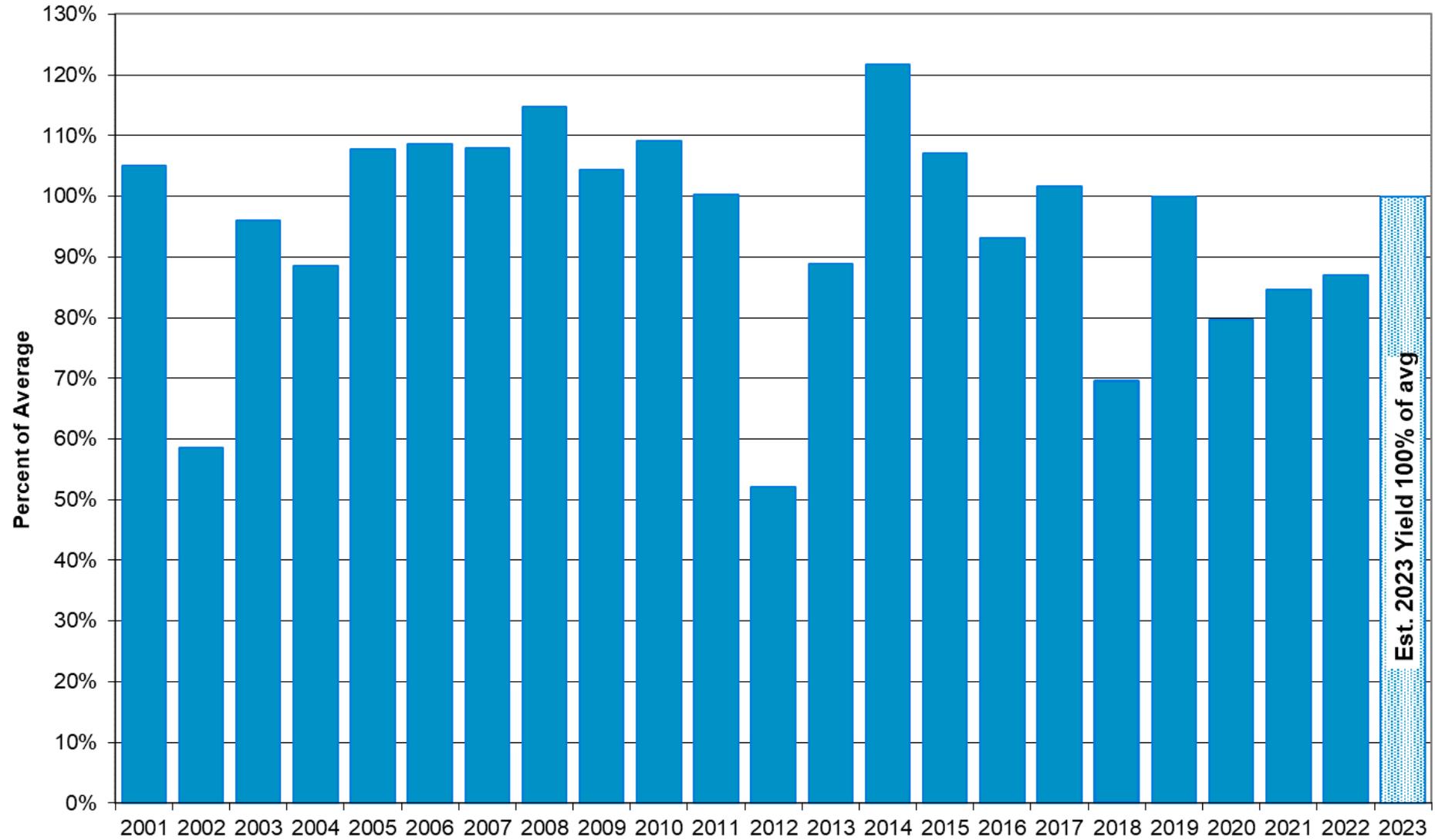


The snow water equivalent percent of normal represents the current snow water equivalent found at selected SNOTEL sites in or near the basin compared to the average value for those sites on this day. Data based on the first reading of the day (typically 00:00).

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

# Colorado Springs Water Yields 2001 - 2023

## Percent of Average Yield



# 2023 Demands

## May

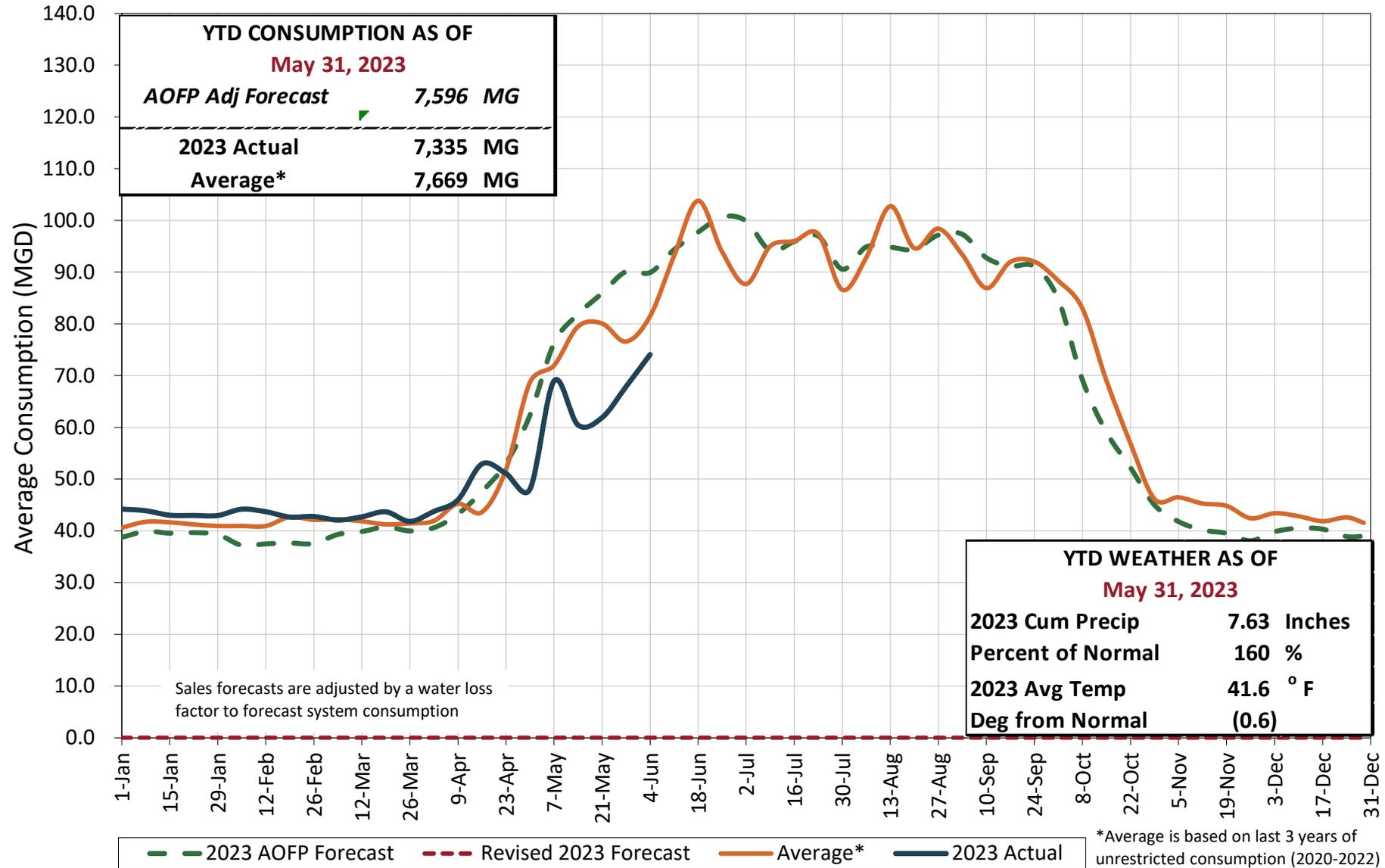
- Averaged 65.2 MGD
- 20.0% less than May 2022

## 2023 Year to Date

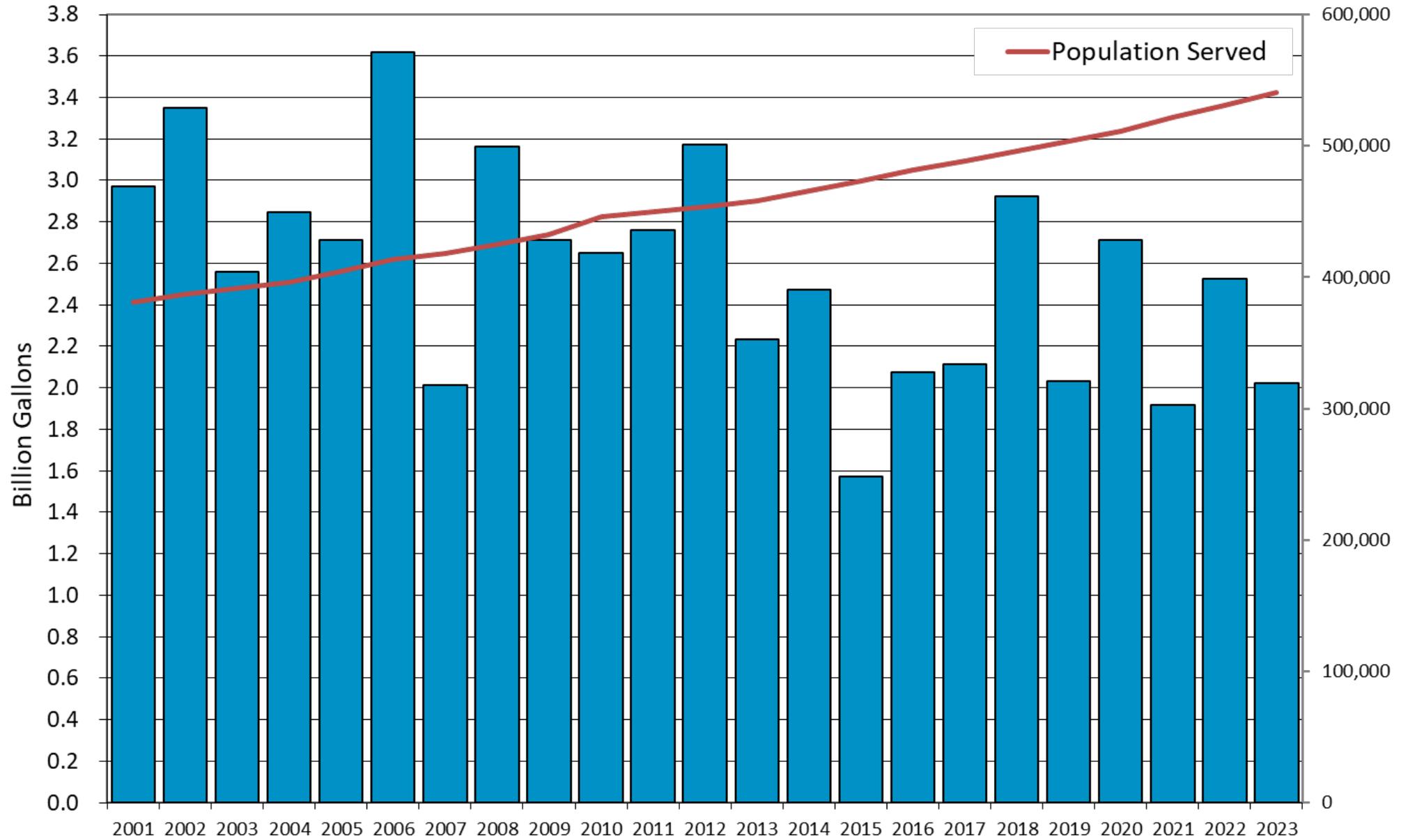
- Averaging 48.8 MGD, 7.4 BG total
  - 5.2% less than 2022
  - 0.41 Billion Gallons less than 2022



## 2023 Actual Consumption (Weekly Data)



# Monthly Water Use for May



# Reservoir Levels

May 31, 2023

- Pikes Peak 66 %
  - 91-20 Avg. 71 %
- Rampart 95 %
  - 91-20 Avg. 88 %
- Local Total 84 %
  - 91-20 Avg. 81 %
- System Total 79 %
  - 91-20 Avg. 76 %

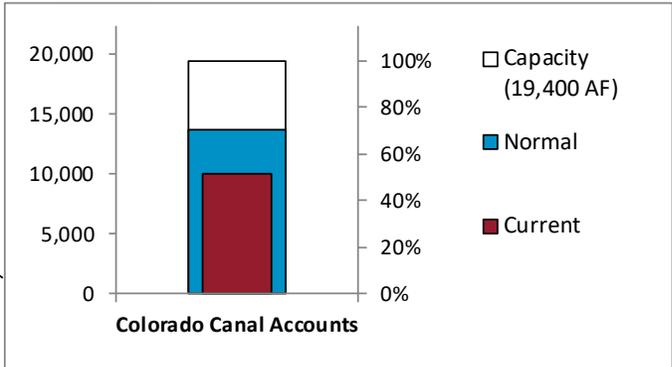
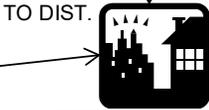
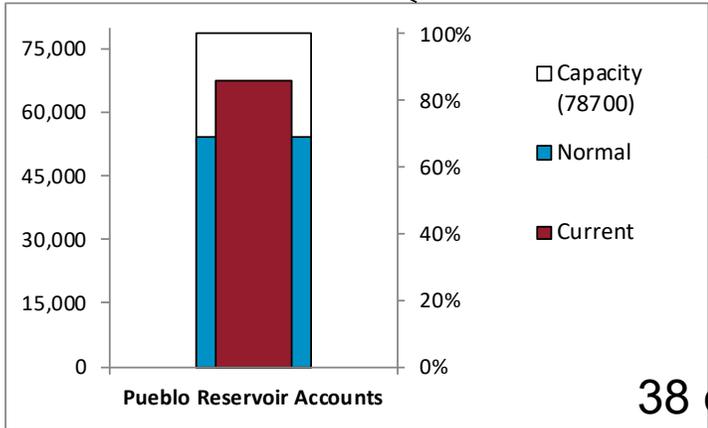
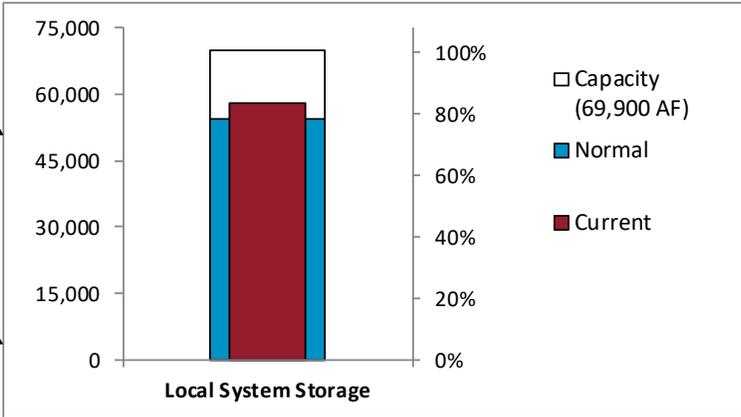
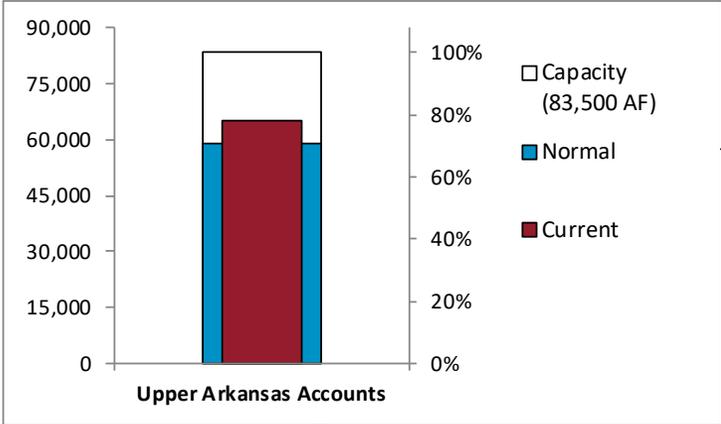
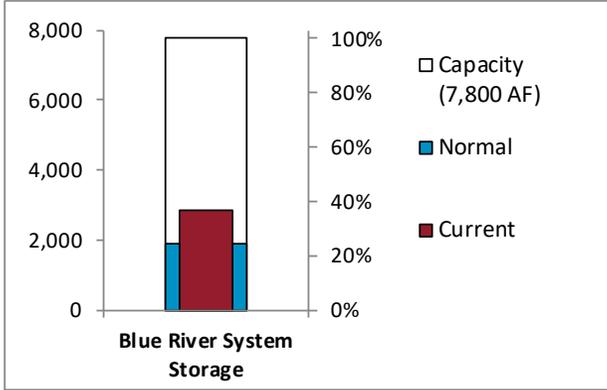


**Colorado Springs' System Wide Storage:**

**May 31, 2023 : 204,000 af**  
**78.7 %**

**2001-2022 avg : 183,300 af**  
**70.7 %**

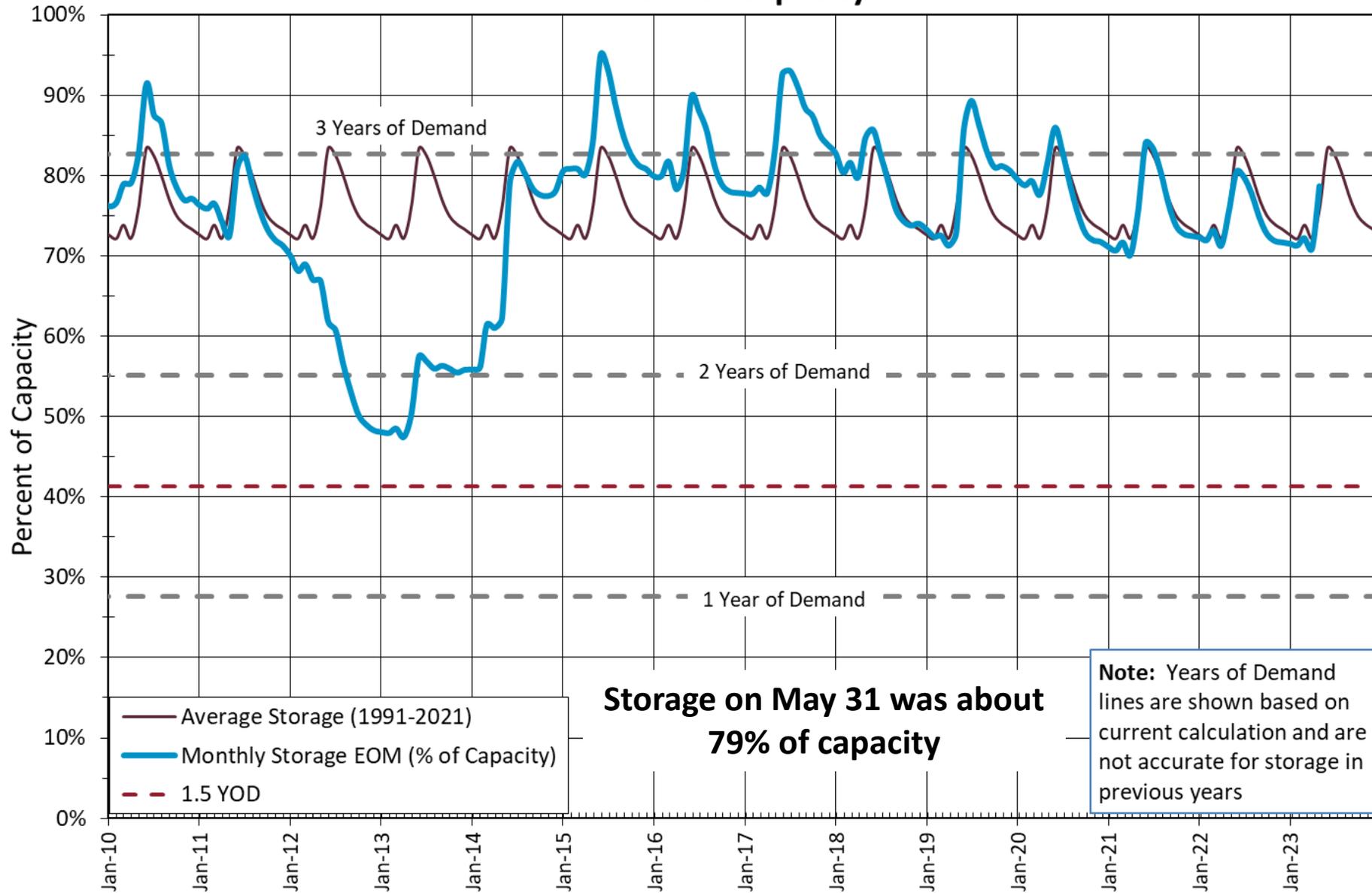
**Average YTD Demand : 48.8 MGD**



MAX 20 MGD

MAX 68 MGD

# Monthly Storage Percent of Capacity



**Storage on May 31 was about  
79% 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 79% of capacity, about 3% above our long-term average
  - About 2.9 years of demand in storage, based on the past 3 years of demand
  - Have 283 days of demand in local storage
- Three-month outlook predicts
  - High chances for above-average temperatures across all of Colorado
  - Equal chances of below-average and above-average precipitation across most of Colorado, with the southwest part of the state showing slightly below average chances of normal precipitation
- We continue to monitor snowpack, demand and storage to maximize available water supply



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# Board Memo Agenda Item

## Staff Report

**Date:** June 21, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Amara Annexation and Application of Water Extension Ordinance

### NARRATIVE:

**Desired Action:** Discussion

**Executive Summary:**

- The City of Colorado Springs accepted 12 annexation petitions for the proposed Amara annexation and development.
- Property owner has requested their presentation at June's Utilities Board meeting and have submitted revised annexation plats
- Extending water service into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council (City Code 12.4.305.A.).
- If approved by City Council, annexations would result in the extension of Springs Utilities' water service boundary.
- There has been no previous Utilities Board action on these petitions.

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

**Board Policy:** N/A

**Cost/Budget:** If boundary extended would result in approximately \$111,000,000 - \$167,000,000 to Colorado Springs Utilities

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

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

<b>Submitter:</b> Bryan English	<b>Email address:</b> benglish@csu.org
<b>Division/ Department:</b> Systems Planning and Projects, Customer Utilities Connections	<b>Phone number:</b> 719-668-8119
	<b>Date submitted:</b> June 15, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 8</b>
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# **Amara Annexation Application of Water Extension Ordinance**

June 21, 2023, Utilities Board Meeting

Bryan English, PMP, Development Projects Manager  
Customer Utilities Connections

# Agenda

1. Water Service Extension Ordinance
2. Amara Overview
3. Annexation Petition Status
4. Application of Water Extension Ordinance
5. Four Service Overview
6. Board Action
7. Questions

# Water Service Extension Ordinance

- Ordinance No. 23-02 passed February 14, 2023
  - Codified as City Code section 12.4.305
- Requires Utilities Board to recommend and City Council approval to extend water service boundary
- Does not apply to in-City development or areas already receiving City water service
- Approval must be based on substantiated and written record demonstrating one of the following:

# Criteria for Extension per Ordinance

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

- OR -

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

- OR -

3. The area is an enclave, or

The area is owned or leased by the City, or

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

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

# Utilities Application of Ordinance Language

B. 1. The City’s available water supply is sufficient to meet at least 128% of existing usage (calculated using a five (5) year rolling average of weather normalized unrestricted usage data) and the projected demand for water services within the proposed extension(s) of service...

May 2023 recommended annexations with demand totaling 149 AFY.  
  
AWS is 3,864 AFY – 149 AF = 3,715 AFY

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

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

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

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

If contiguity is met and projected demand is less than AWS the proposed annexation meets ordinance conditions.

# Amara Overview

Owner: La Plata Cruz Holdings, LLC

Owner-initiated, serial-flagpole annexation of 3,173-acre property, plus a portion of Bradley Rd

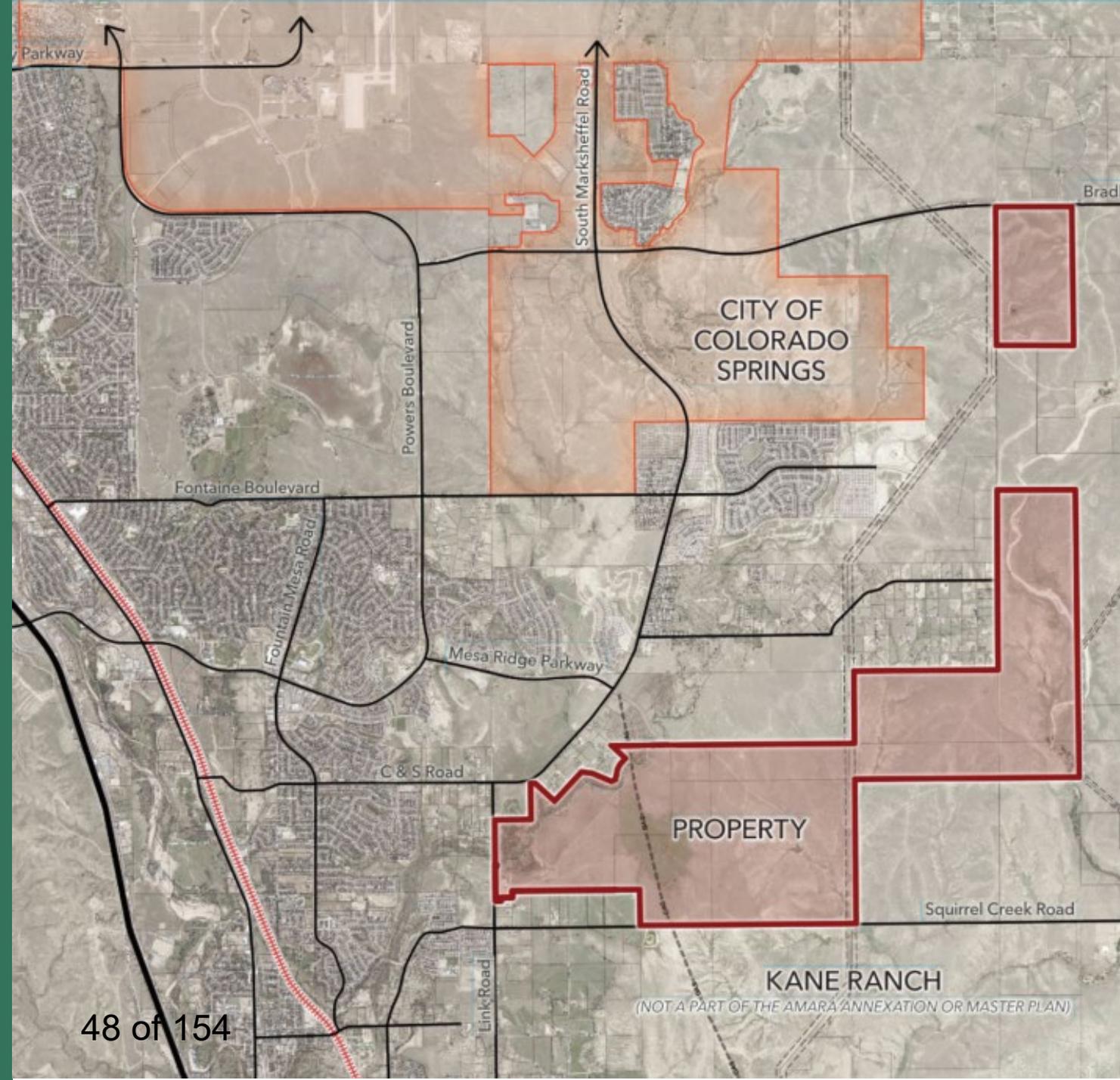
Total proposed annexation area is approximately 3,200 acres

Property located south and east of Colorado Springs

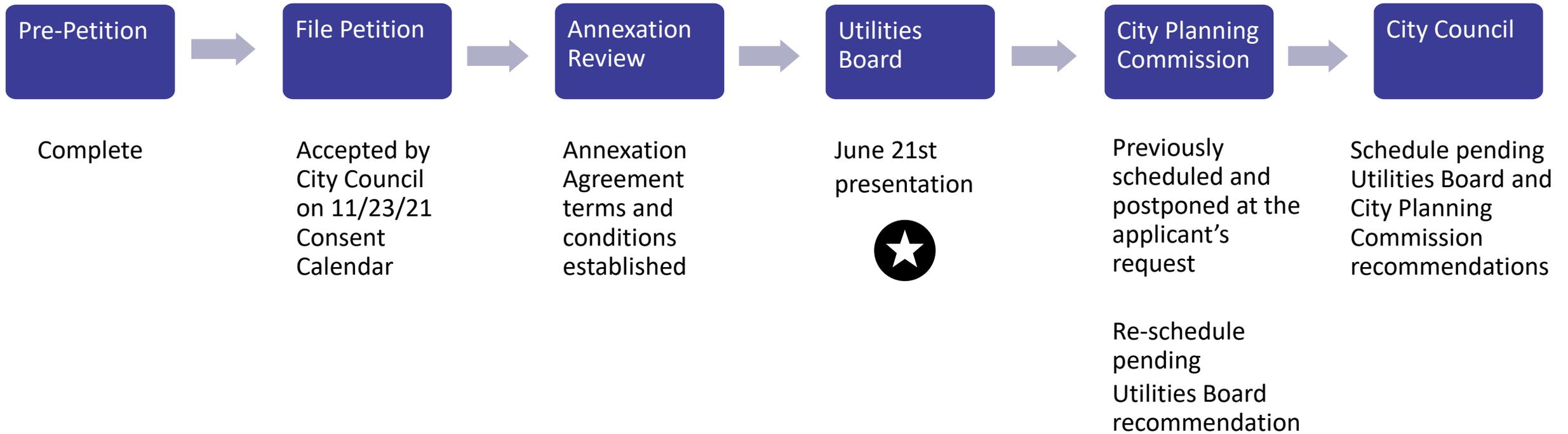
Contiguity achieved through Bradley Rd as “flagpole”

Applicant proposes land uses including residential, commercial, mixed use, and others

Property presently located outside Springs Utilities natural gas and electric service territories



# Annexation Petition Status



# Application of Water Extension Ordinance

- Annexation and extension of City limits would simultaneously extend Springs Utilities' water service boundary
- Estimated water supply for property and development
  - ~3,505 acre-feet/year
- Per City Code 12.4.305.B.1
  - 128% of existing water usage plus projected demand for proposed water extension(s), and 25% of the perimeter of the area is contiguous

# Application of Water Extension Ordinance

Contiguity:

Perimeter has a minimum of 25% of area contiguous with City limits

25% Contiguity Analysis				
<i>Annexation Plat</i>	<i>Acreage</i>	<i>Perimeter (feet)</i>	<i>Contiguity w/ City limits (feet)</i>	<i>Contiguity w/ City limits (%)</i>
Amara Addition No. 1	1.2	1,296.1	216.0	16.7%
Amara Addition No. 2	4.2	3,509.5	585.0	16.7%
Amara Addition No. 3	8.6	7,190.8	1,198.5	16.7%
Amara Addition No. 4	24.4	14,464.2	2,410.7	16.7%
Amara Addition No. 5	124.8	11,505.0	1,918.5	16.7%
Amara Addition No. 6	218.0	12,377.5	2,804.7	22.7%
Amara Addition No. 7A	95.6	8,642.0	1,455.2	16.8%
Amara Addition No. 7B	254.1	13,442.7	2,240.4	16.7%
Amara Addition No. 8	400.3	17,412.0	2,903.7	16.7%
Amara Addition No. 9	515.8	22,791.2	3,967.1	17.4%
Amara Addition No. 10	719.7	23,740.4	3,964.4	16.7%
Amara Addition No. 11	858.6	30,800.6	6,585.1	21.4%

### **Addition Nos. 1-4**

Not applicable (meet de minimis policy)

### **Each Addition Nos. 5-11**

16.7% – 22.7% < 25%

**2022 Annexation Plats Submittal  
does not meet the 25% contiguity criteria**



# Application of Water Extension Ordinance

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

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

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

De Minimis Policy

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

## Water Supply:

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

128 % Water Supply Analysis				
Annexation Plat	Acreage	(A) Projected Water Demand (AFY)	(B) Existing Usage (AFY)	A+ (Bx128%)
Amara Addition No. 1	1.2	1.3	71,200	91,137
Amara Addition No. 2	4.2	4.6	71,200	91,141
Amara Addition No. 3	8.6	9.5	71,200	91,145
Amara Addition No. 4	24.4	26.8	71,200	91,163
Amara Addition No. 5	124.8	137.3	71,200	91,273
Amara Addition No. 6	218.0	239.8	71,200	91,376
Amara Addition No. 7A	95.6	105.2	71,200	91,241
Amara Addition No. 7B	254.1	279.5	71,200	91,416
Amara Addition No. 8	400.3	440.3	71,200	91,576
Amara Addition No. 9	515.8	567.4	71,200	91,703
Amara Addition No. 10	719.7	791.7	71,200	91,928
Amara Addition No. 11	858.6	944.5	71,200	92,080

### Addition Nos. 1-4

Not applicable (meet de minimis policy)

### Addition Nos. 5-11 (aggregate)

3,506 AFY proposed demand

$71,200 \times 128\% + 3,506 \text{ AF} = 94,642 \text{ AF} < 95,000$

\*Prior recommended extensions projected use of 149 AF to date

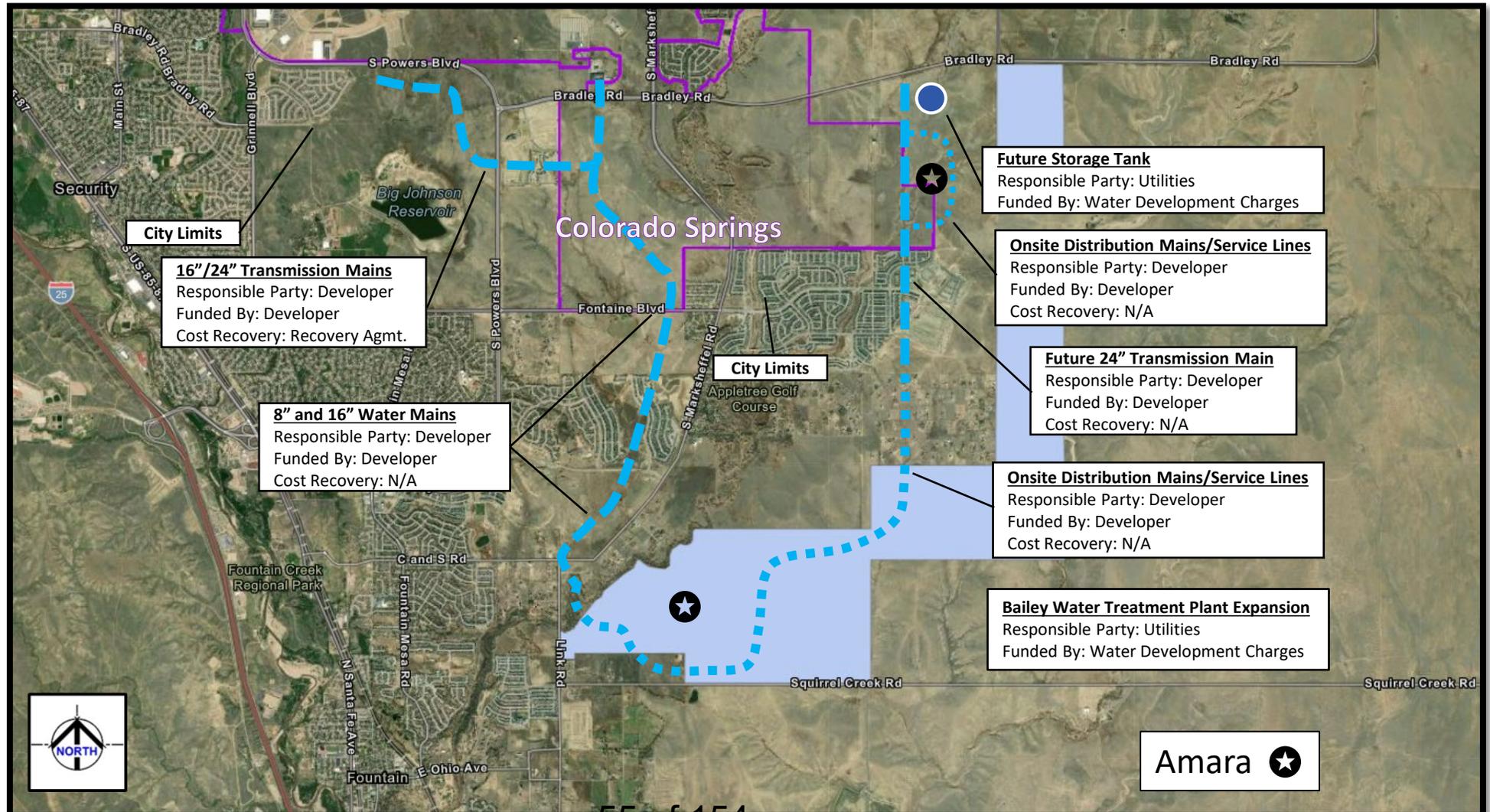
Meets 128% of existing usage criteria as a whole

# Annexation Agreement

- Signed annexation agreement based on previously submitted 12 plats
- Agreement has not been revised to reflect 23 potential plats needed to achieve the contiguity requirements of the water extension ordinance

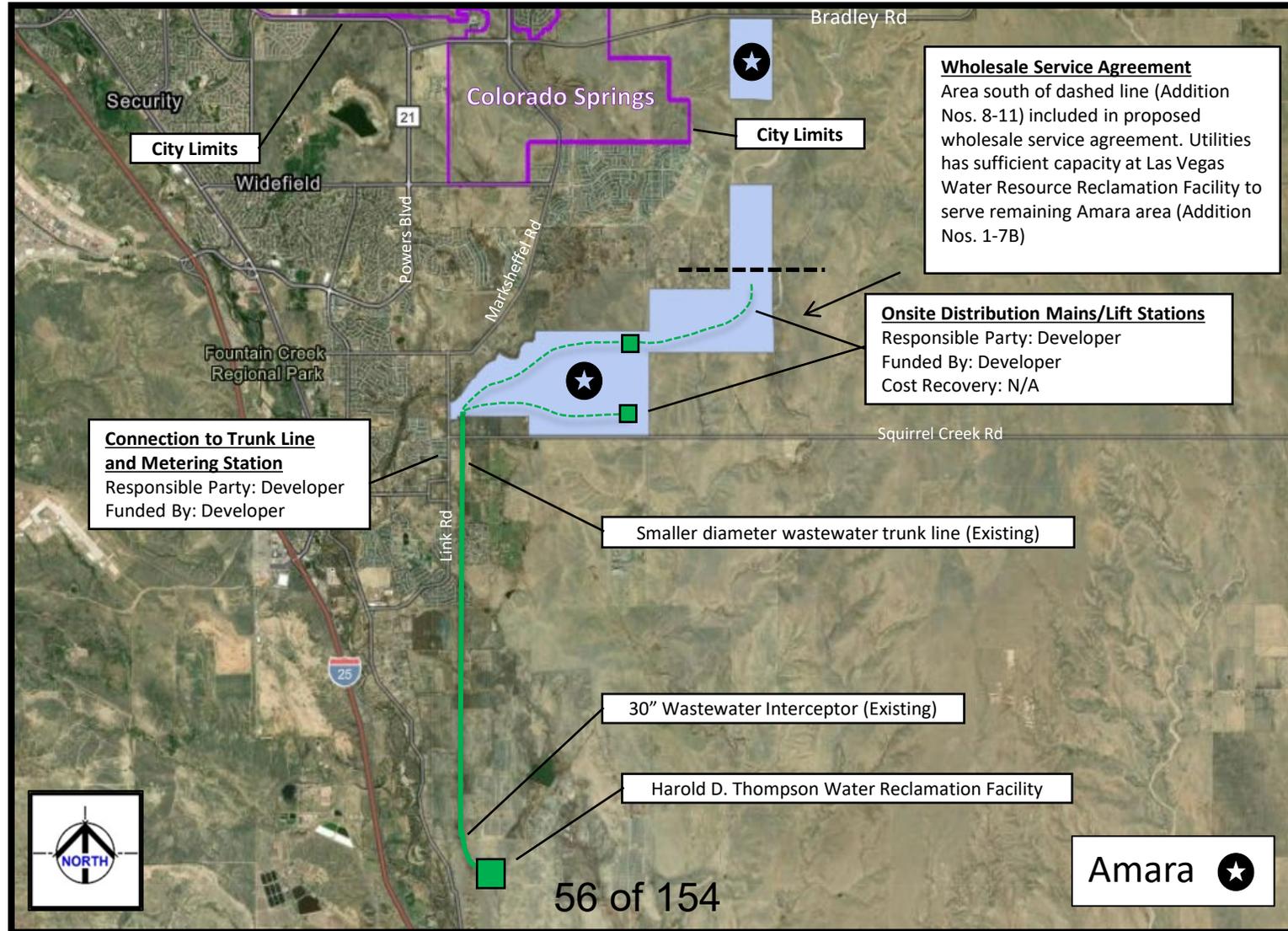
# 7.6.203: Conditions for Annexation

## D. Water Facilities



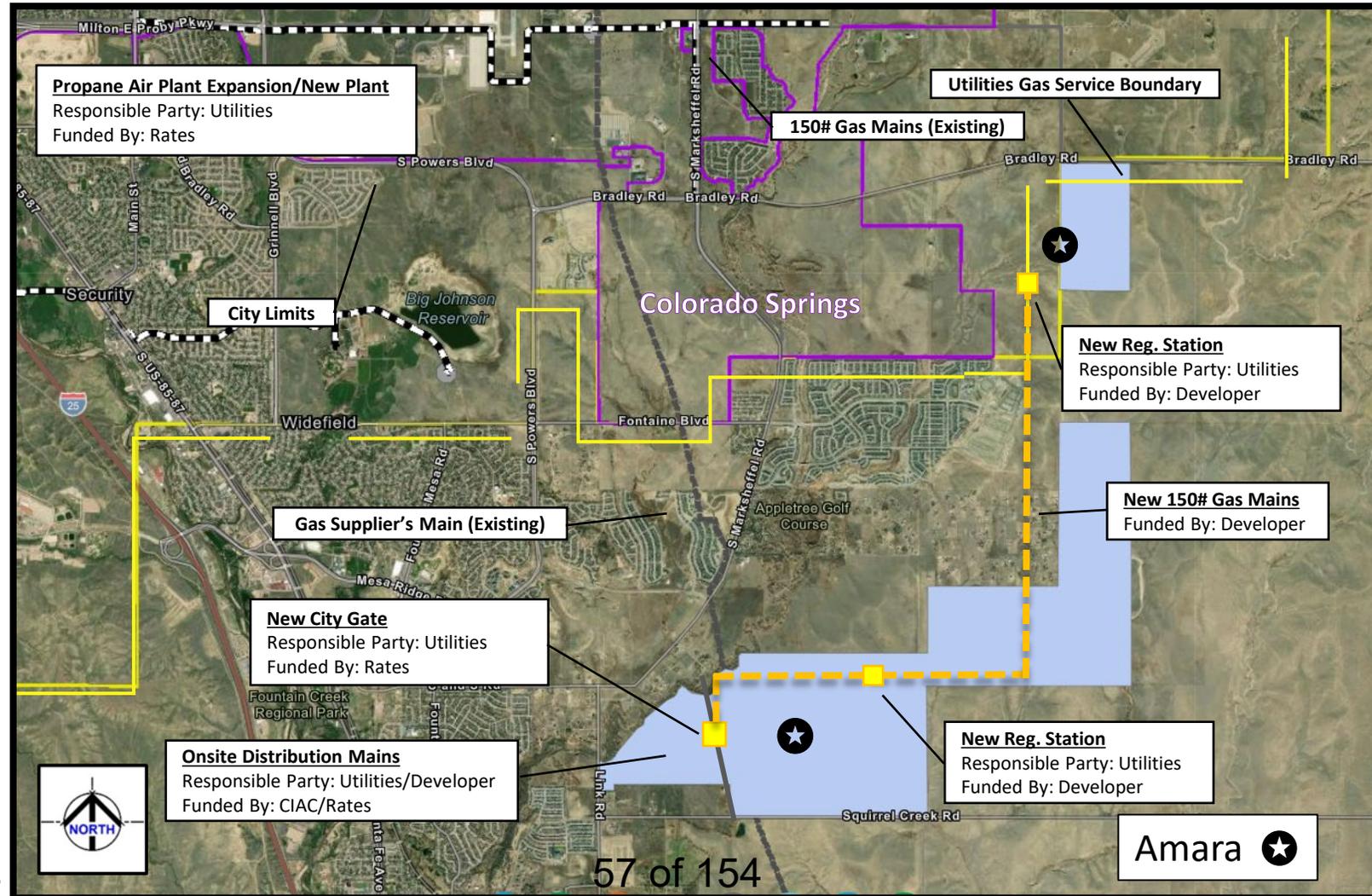
# 7.6.203: Conditions for Annexation

## D. Wastewater Facilities



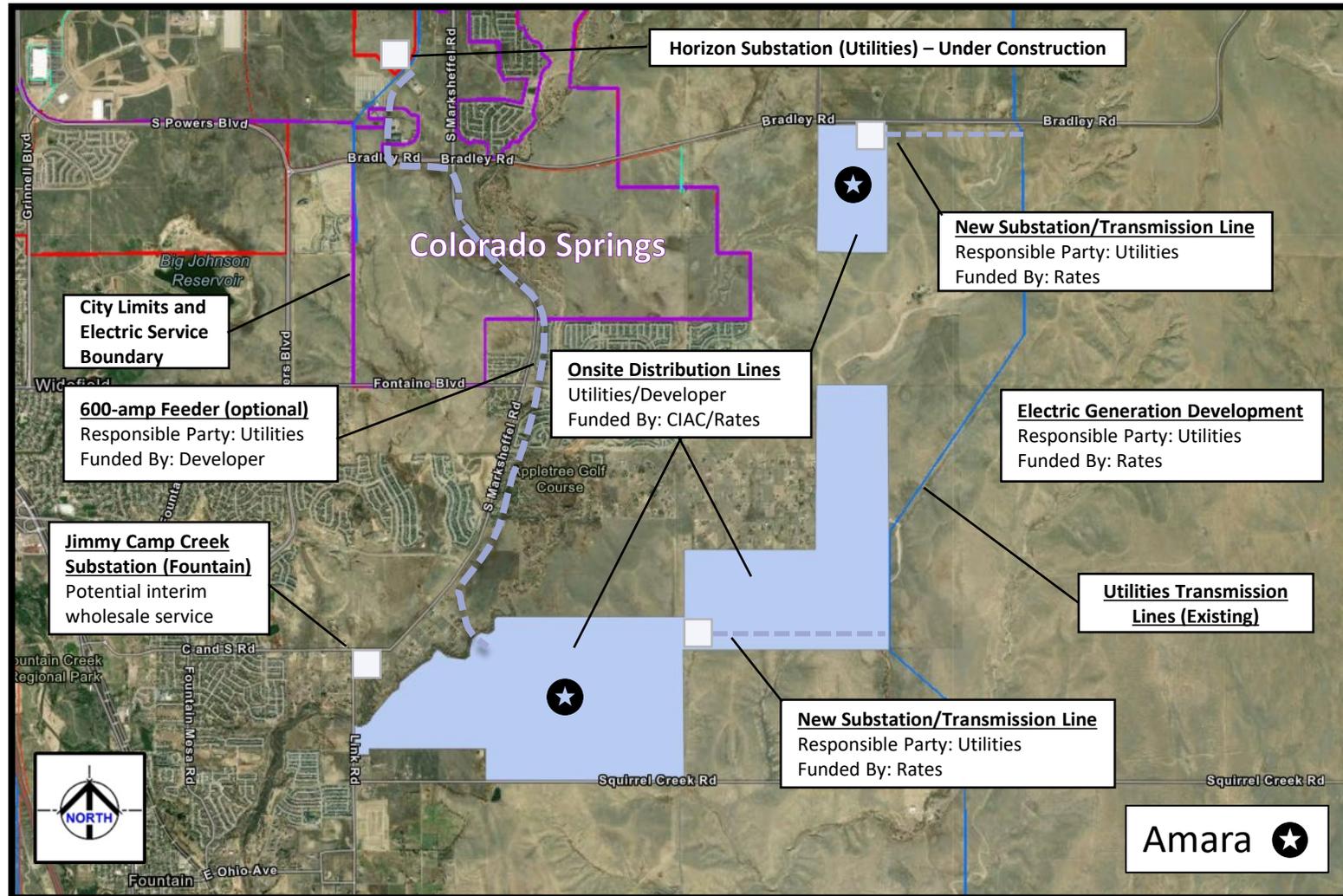
# 7.6.203: Conditions for Annexation

## E. Utilities Extensions – Natural Gas



# 7.6.203: Conditions for Annexation

## E. Utilities Extensions - Electric



# Springs Utilities Capital Cost for Amara Capacity

(as submitted in 2022, based on current Annexation Agreement)



## Electric

\$78M - \$118M

Generation  
Transmission Lines  
Substations



## Natural Gas

\$17M - \$25M

City Gate  
Propane Air Plant & Expansion  
Transmission Upgrades



## Wastewater

N/A

Third-Party Agreement



## Water

\$16M - \$24M

Treatment Facilities  
Storage Tanks  
Supply/Resources – Collected through Water Resource Fee

## Total

**\$111M - \$167M**

*\*Estimated costs are rough order of magnitude and may vary based on external factors, including but not limited to market conditions, material costs, phasing, and negotiated agreements with third-parties, including existing service providers impacted by the annexation subject to approval.*

# Utilities Board Action

- Per City Code 12.4.305.A., extending water into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council
- A recommendation of approval by the Utilities Board under City Code section 12.4.305.B.1 should be subject to the condition that the annexation plats are revised to show 25% contiguity

## Next Steps

1. City acceptance of re-platted serial annexation to meet 25% contiguity
2. Determination of whether annexation agreement needs to be amended to be consistent with re-platted serial annexation.
3. Pending Recommendation – schedule for Planning Commission and City Council review

# Questions?



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# Board Memo Agenda Item

## Staff Report

**Date:** June 21, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Outside City Request for Water/Wastewater Service – 5290 Turquoise Drive

### NARRATIVE:

**Desired Action:** Discussion

**Executive Summary:**

- Colorado Springs Utilities received an application for water service in Park Vista Estates enclave from the owners of 5290 Turquoise Drive (single-family residence).
- Property is not contiguous and is ineligible for annexation.
- City Code 7.6.210 permits service without annexation subject to execution of an Agreement to Annex and City Council approval.
- If approved by City Council, Agreement to Annex would allow provision of Springs Utilities water/wastewater service to property located outside City limits.
- Extending water service into any area not within either the existing City limits or the water service boundary is subject to the recommendation of approval by the Utilities Board and approval by City Council (City Code 12.4.305.A.).
- Property currently has access to water infrastructure without need for extension.
- Property meets de minimis impact to City's water supply and enclave exceptions.
- There has been no previous Utilities Board action for this property.

**Benefits:** Approval of extension of water service would generate utility water revenue for Springs Utilities.

**Board Policy:** N/A

**Cost/Budget:** Costs are null or de minimis.

**Affected Parties:** Colorado Springs Utilities, City of Colorado Springs, property owners and rate payers.

**Alternatives:** Recommend approval or denial of provision of water service to a property located outside City limits.

**Submitter:** Bryan English

**Email address:** [benglish@csu.org](mailto:benglish@csu.org)

**Division/ Department:** Systems Planning and Projects,  
Customer Utilities Connections

**Phone number:** 719-668-8119

**Date submitted:** June 12, 2023

**SPG Staff Use Only:** Consent Calendar

Yes

**X**

No

**ITEM NO. 9**



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# **Outside City Water & Wastewater Service & Agreement to Annex**

June 21, 2023, Utilities Board Meeting

Bryan English

# Agenda

1. Service Request
2. Provision of Water/Wastewater Service
3. Water Service Extension Ordinance
4. Springs Utilities Considerations
5. Agreement to Annex
6. Utilities Board Action

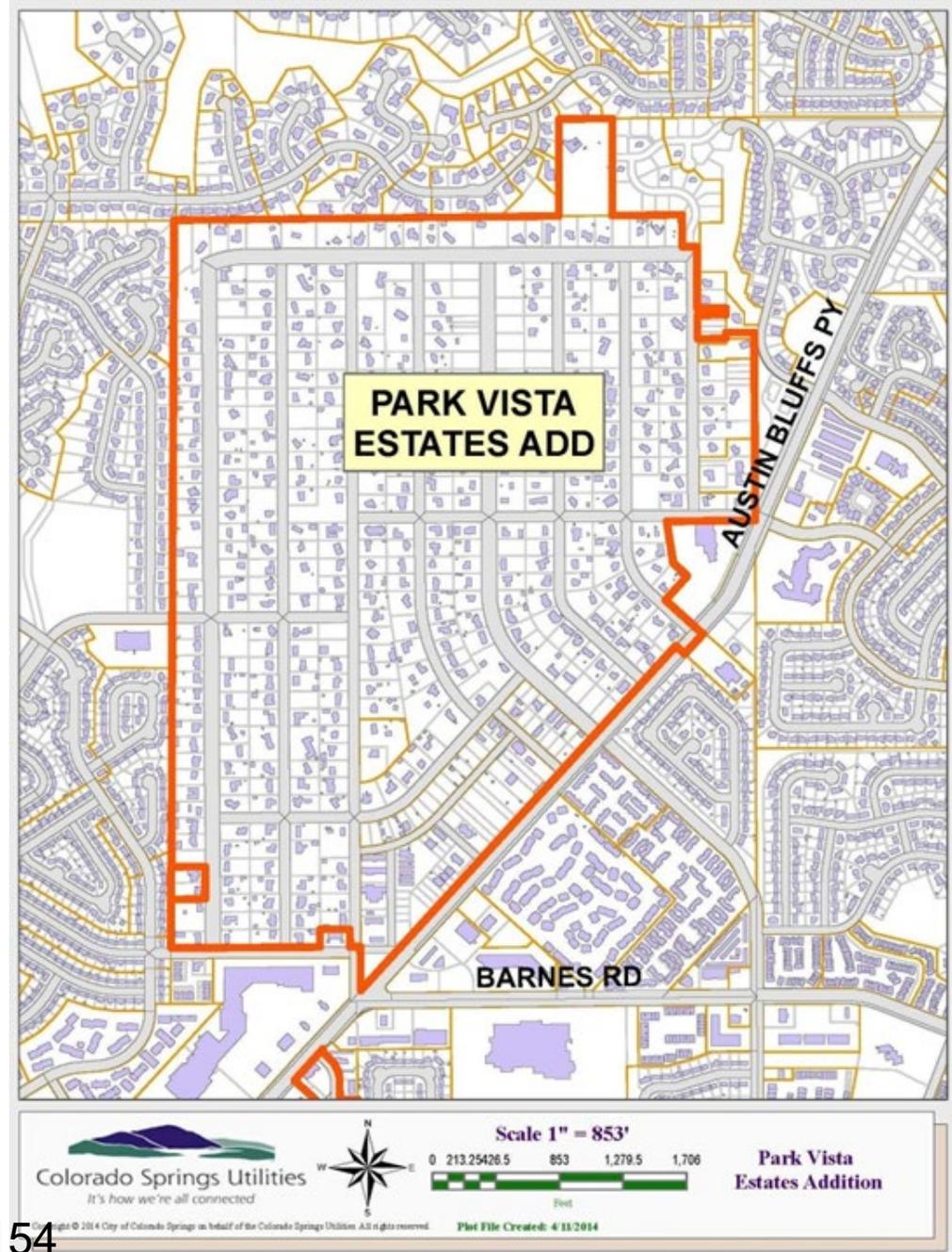
# Service Request

Owners of 5290 Turquoise Drive have requested Springs Utilities water service for single-family residential use

Property located in Park Vista Estates, which is a 372-acre, 558 lot enclave, located north of Austin Bluffs Pkwy and Barnes Road

Property currently served by well

Springs Utilities provides natural gas and electric service to property and enclave



# Provision of Water/Wastewater Service

- Property not contiguous with City limits
  - Ineligible for annexation under Colorado Revised Statutes
- City Code 7.6.210: Service Without Annexation
  - Springs Utilities may provide water and wastewater services upon approval of City Council through an Agreement to Annex
  - City Planning supports
- Resolution No. 106-16
  - Authorized Springs Utilities to execute Agreements to Annex providing water/wastewater service for properties in Park Vista Addition

# Water Service Extension Ordinance

- Ordinance No. 23-02 passed February 14, 2023
  - Codified as City Code section 12.4.305
  - Supersedes resolution
- Requires Utilities Board to recommend and City Council approval to provide water service outside City limits
  - Approval must be based on substantiated and written record demonstrating one of the following:

# Criteria for Extension per Ordinance

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

- OR -

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

- OR -

3. The area is an enclave, or

The area is owned or leased by the City, or

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

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

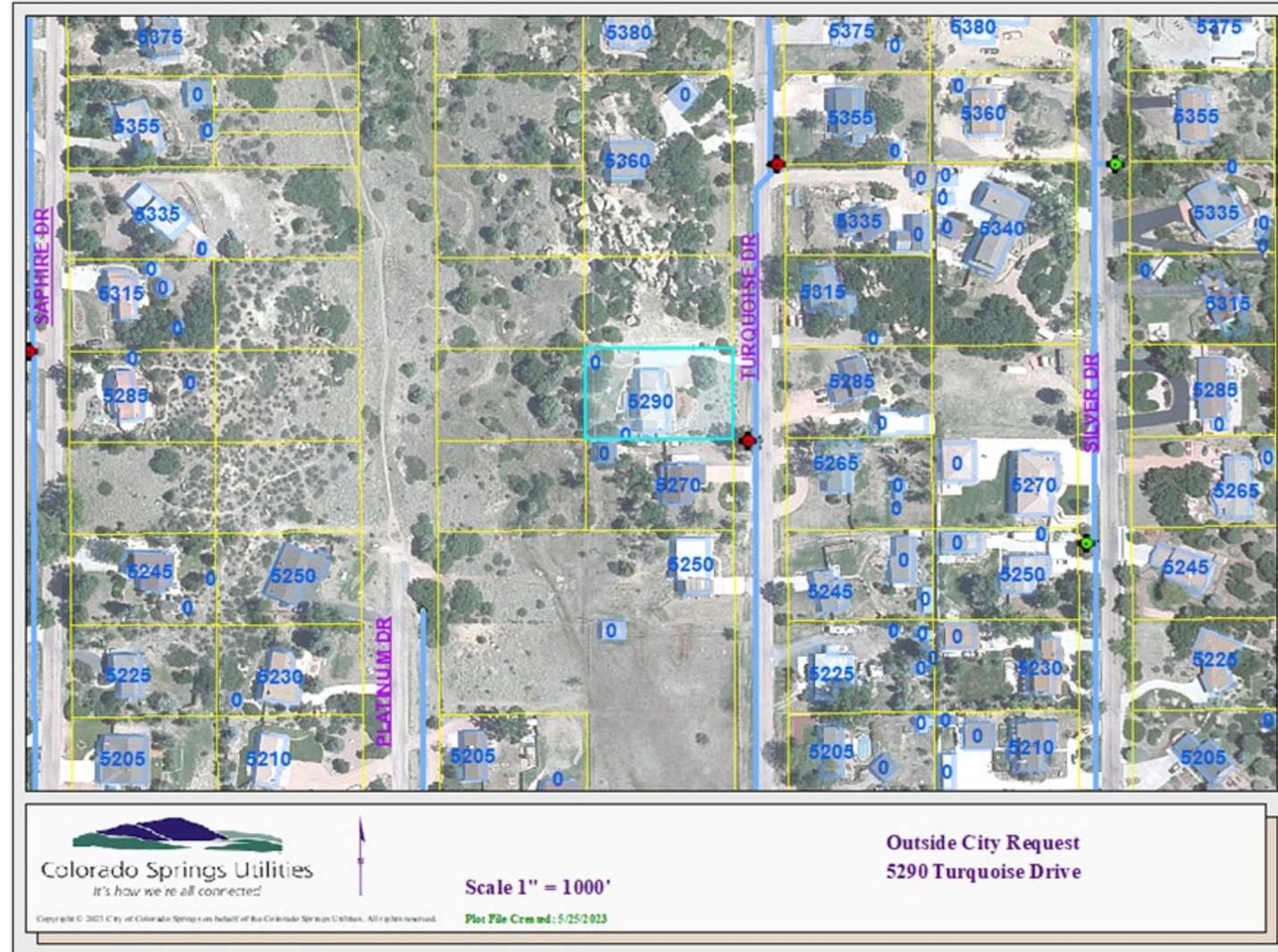
# Springs Utilities Considerations 7.6.210.

Existing water main located in Turquoise Drive

Sufficient capacity exists at time of application

Agreement to Annex includes provisions for future wastewater service

- No existing wastewater mains
- Service available on a first-come first-serve basis subject to available capacity
- Avoids future revision or new Agreement to Annex



# Agreement to Annex

- Standard form Agreement to Annex
  - ✓ Southeastern Colorado Water Conservancy District inclusion in process
  - ✓ Deed all groundwater rights to City of Colorado Springs
  - ✓ Typical Springs Utilities' extension policies apply
  - ✓ No utility capacity issues anticipated
  - ✓ Per tariff, owner will pay outside-City water/wastewater Development Charges and utility rates that are 50% higher than inside-City rates
  - ✓ Executed by Owner/Applicant

# Application of Water Extension Ordinance

- Per City Code 12.4.305.B.3.
  - The area is an enclave (as defined by State law), or the area is owned or leased by the City, or extension of water service to the area will have a de minimis impact on the overall City's water supply.
- Proposed water service meets two (2) of the ordinance's exceptions
  1. De minimis impact to City's water supply
    - 0.3 acre-feet/year (AFY)
    - De minimis: Project water demand < 39 AFY
    - 0.3 AFY < 39 AFY
  2. Property located in an enclave (as defined by State law)

# Utilities Board Action

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

# Questions?



Colorado Springs Utilities<sup>®</sup>

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# Board Memo Agenda Item

## Staff Report

**Date:** June 21, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** 2023AB Bond Ordinance

### NARRATIVE:

**Desired Action:** Discussion

**Executive Summary:** The Utilities Board discusses the Colorado Springs Utilities' intended financing plans each year prior to City Council review and approval via ordinance.

In August, Springs Utilities anticipates raising up to \$250 million in new money debt to fund the debt-backed portion of the enterprise's upcoming capital plan from September 2023 until roughly September 2024.

Additionally, Colorado Springs Utilities expects to issue refunding bonds for all or portions of the 2013A, 2013B-1, and 2013B-2 series (\$191.8 million in total currently outstanding) at favorable net present value cost savings to the enterprise if market conditions are favorable at issuance.

Interest rates are relatively unchanged from Colorado Springs Utilities' 2023 issuance, but current market volatility is elevated and expected to remain high until the expected issuance date. Springs Utilities staff is closely monitoring issuance economics as they become clearer closer to the intended issuance timeframe.

**Benefits:** The 2023A series would provide the required capital to fund the debt-backed portion of Colorado Springs Utilities' upcoming capital program. Additionally, the 2023B saves Springs Utilities money by replacing current debt with debt at cheaper interest rates.

**Board Policy:** N/A

**Cost/Budget:** Costs are subject to market interest rates at the time of issuance. However, detailed current indicative estimates are provided in the presentation.

**Affected Parties:** N/A

**Alternatives:** N/A

**Submitter:** Adam S. Hegstrom

**Email address:** [ahegstrom@csu.org](mailto:ahegstrom@csu.org)

**Division/** Planning and Finance Division /

**Phone number:** 719-668-8530

**Department:** Treasury and Finance Department

**Date submitted:** June 5, 2023

**SPG Staff Use Only:** Consent Calendar

Yes

No

**ITEM NO. 10**



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# 2023AB Bond Ordinance

Adam Hegstrom  
Treasury and Finance Manager  
June 21, 2023

# Plan of Finance Overview

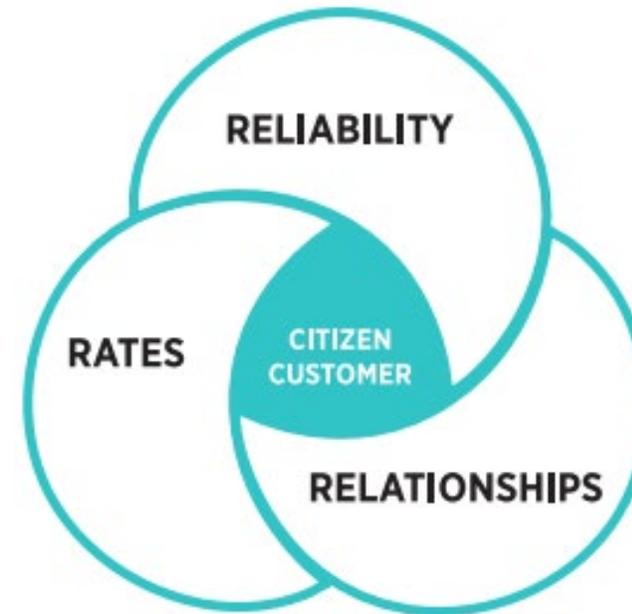
The Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Colorado Springs Utilities' ("The Utilities") capital needs

- Critical to Utilities Board's Strategic Focus
- Core tenets:

**Prudence - Efficiency - Flexibility**

Collectively executed by:

- Utilities Leadership
- Planning and Finance Staff
- Key Advisors
  - Financial Advisor
  - Bond Counsel
- Key Banking Partners and Counterparties



## RATES

- Financial sustainability
- Resources used responsibly
- Customer value

## RELIABILITY

- On-demand energy and water service
- System resiliency
- Trusted community service provider

## RELATIONSHIPS

- Safe, satisfied and loyal customers
- Safe, engaged, innovative and customer-focused employees
- Valued stakeholders
- Vibrant regional economy

# Plan of Finance Overview

## Plan of Finance efforts are dedicated towards four key objectives:

1. Fund the debt-backed portion of The Utilities' upcoming capital plan
2. Manage and optimize The Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage The Utilities' financial reputation and industry relationships to ensure market access



# New Money Debt Issuance: 2023As

**Objective 1:** Support The Utilities' operations by funding the debt-backed portion of the Enterprise's future capital plan ("New Money Issuances")

## Enterprise Need:

- Estimated \$432 million in total capital spend between September 2023 and September 2024

## Anticipated Actions:

- Issue new money debt in August 2023



# New Money Debt Issuance: 2023As

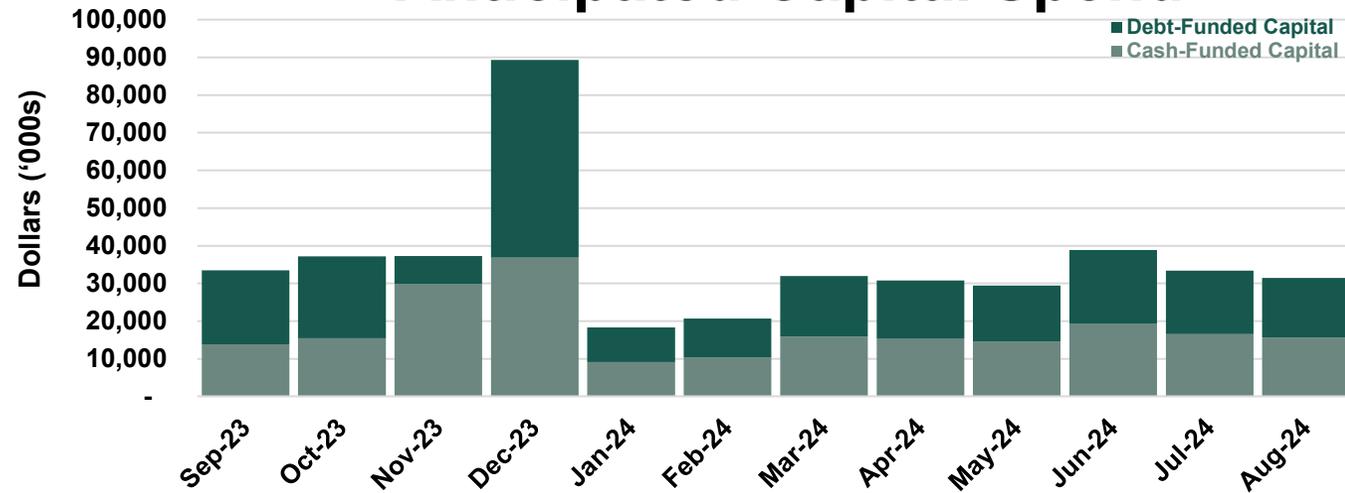
## Anticipated Issuance Details:

- Current Estimated - \$225 million (proceeds)
- Ordinance Ceiling - \$250 million
- More clarity in coming months surrounding 2024 AOP/Capital Plan
- Effective balance between cash and debt to optimize financial metric performance

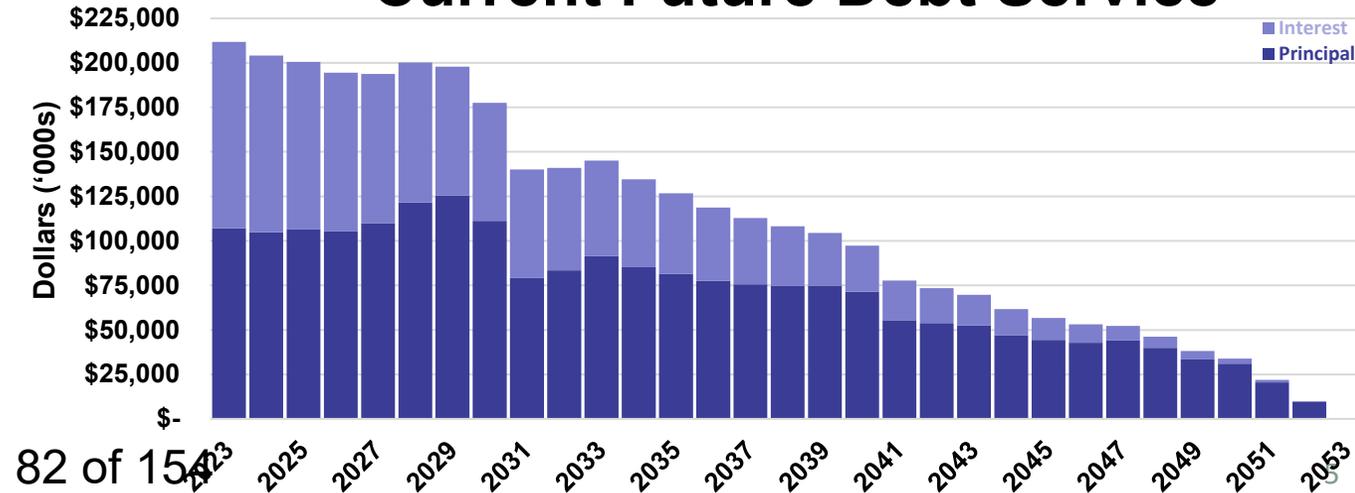
## Structure:

- Traditional tax exempt fixed-rate debt
- Maturity-by-maturity optimization near issuance date

## Anticipated Capital Spend



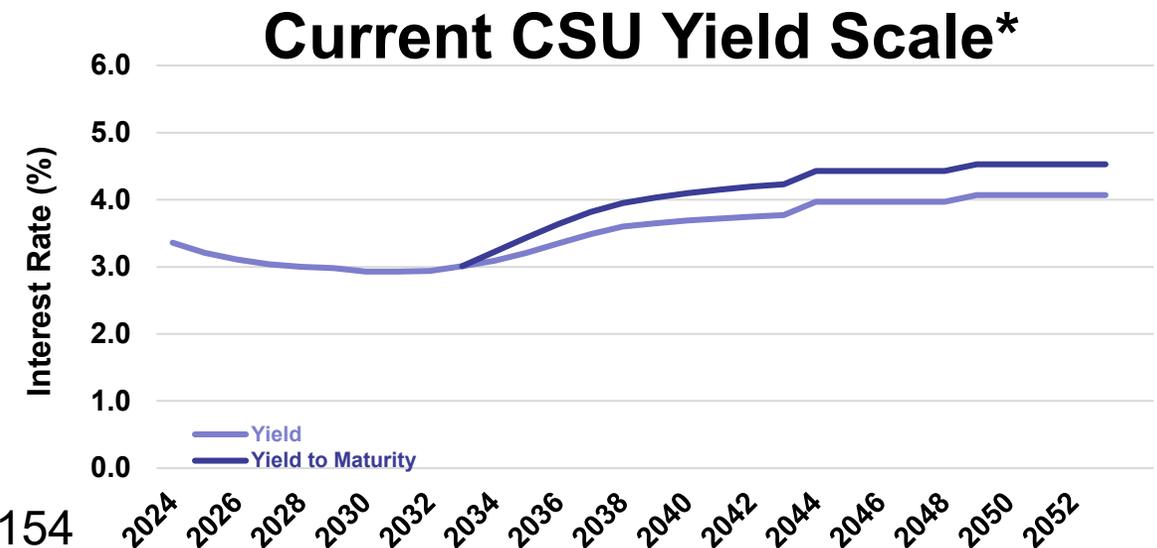
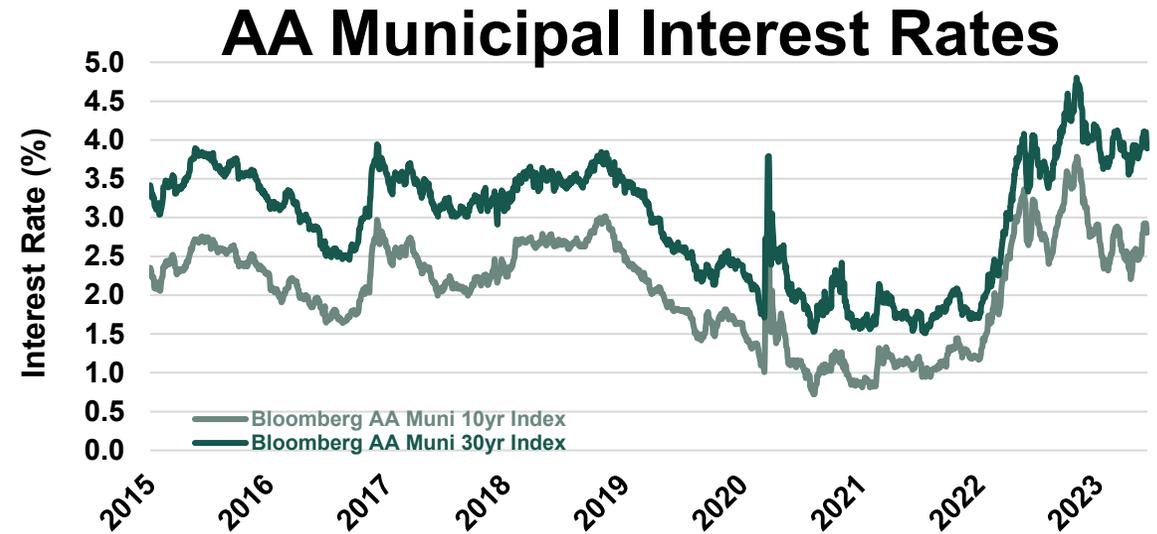
## Current Future Debt Service



# New Money Debt Issuance: 2023As

## Market Update:

- Interest rates are roughly unchanged since last issuance
- However, the yield curve has shifted greatly
- Inflation is still above the Federal Reserve's target range
- Municipal supply has dropped dramatically
- Investor flows have stabilized after large outflows in 2022
- To best match short-term market supply and demand/liquidity, pricing date has been accelerated to mid-august



# Refunding Debt Issuance: 2023Bs

**Objective 2:** Manage and optimize The Utilities' current debt portfolio (“Refunding Issuances”)

- \$1.78 billion in outstanding fixed rate bonds
- Vast majority can be refinanced 10 years after issuance if interest rate economics are favorable

## Anticipated Actions:

- Issue a current refunding transaction in August to refinance all/parts of the 2013A, 2013B-1, and 2013B-2 issuance:

### Current Estimated Refunding Results

	Total
Par Value of Remaining Bonds	\$191.8 million
Cashflow Savings from Refunding	\$26.0 million
NPV Savings (\$)	\$18.50 million
NPV Savings (%)	9.644%

84 of 154

# Industry and Investor Relationships

**Objective 4:** Manage The Utilities' financial reputation and industry relationships to ensure market access

## JP Morgan Investor Conference

- Presentation to ~50 institutional investors on the state of The Utilities and our credit
- 6 Q&A meetings with interested portfolio managers and analysts

## Underwriter Pool Selection

- Competitive process from 12 banks
- Six chosen for pool for an anticipated 5-year term
- Team selected for 2023AB issuance:
  - Senior Manager - Goldman Sachs
  - Co-Managers - Bank of America, Morgan Stanley, and Piper Sandler



# Industry and Investor Relationships

**Objective 4:** Manage The Utilities' financial reputation and industry relationships to ensure market access

## Credit Rating Agencies

- Currently preparing messaging materials for upcoming rating agency meetings
- Site tours included
- Anticipated topics of interest to address:
  - Fuel price volatility management
  - Funding of large future capital programs
  - Environmental regulation
  - Colorado River Compact implications
  - Major project highlights
  - Inflation and supply chain impacts
  - Short- and long-term financial planning processes

	MOODY'S	S&P Global	FitchRatings
	Moody's	S&P	Fitch
	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
<b>Investment Grade</b>	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
<b>Non-Investment Grade</b>	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
<b>High Yield "Junk"</b>	B1	B+	B+
	B2	B	B
	B3	B-	B-
	Caa	CCC	CCC
	Ca	CC	CC
	C	C	C
<b>Default</b>	C	D	D

# Debt Issuance Working Timetable

Date	Event
<i>Friday, February 10, 2023</i>	<i>Plan of Finance Presentation to Finance Committee</i>
<i>Wednesday, April 26, 2023</i>	<i>JP Morgan Investor Conference</i>
<i>Monday, May 1, 2023</i>	<i>Underwriter Pool Selection</i>
<i>Monday, June 19, 2023</i>	<i>Finance Committee Presentation</i>
<b>Wednesday, June 21, 2023</b>	<b>Utilities Board Presentation</b>
Wednesday, June 21, 2023	Document Review with Underwriters
Tuesday, June 27, 2023	First Reading of Ordinance - City Council
Tuesday, July 11, 2023	Second Reading of Ordinance & Ordinance Approval – City Council
Wednesday, July 12, 2023	Rating Agency Presentations
Tuesday, August 15, 2023	Bond Pricing
Thursday, August 31, 2023	Issuance Closing



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# Board Memo Agenda Item

## Staff Report

**Date:** June 21, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Fuel Related Rate Adjustments

### NARRATIVE:

**Desired Action:** Discussion

**Executive Summary:** Colorado Springs Utilities will inform Utilities Board of the fuel related rate adjustments to be proposed at the City Council meeting on June 27, 2023. If approved by City Council, the rate changes will be effective July 1, 2023.

Consistent with the Cost Adjustment Guidelines (G-6), Utilities staff provides regular updates to Utilities Board and anticipates proposing quarterly changes to Electric Cost Adjustment (ECA), Gas Cost Adjustment (GCA), and Green Power Service rates. On Feb. 28, 2023, City Council approved the current ECA, GCA and Green Power Service rates effective March 1, 2023. In response to market fluctuations, Utilities is proposing increases to ECA and Green Power Service rates and decreases to GCA rates.

Utilities provides annual monitoring and anticipates proposing annual adjustments to Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC) rates. On June 28, 2022, City Council approved the current ECC and GCC rates effective July 1, 2022. Utilities proposes ECC and GCC adjustments that change rates by Rate Class consistent with capacity allocations.

Details of proposed fuel related rate adjustments were provided to Utilities Board Finance Committee on June 19, 2023.

**Benefits:** Proposal of timely cost adjustments to pass through cost associated with fluctuations in market prices.

**Board Policy:** Electric and Gas Cost Adjustments (G-6)

**Cost/Budget:** N/A

**Affected Parties:** Utilities' Electric and Natural Gas Customers

**Alternatives:** Board to provide alternative direction.

<b>Submitter:</b> Scott Shirola	<b>Email address:</b> <a href="mailto:sshirola@csu.org">sshirola@csu.org</a>
<b>Division/</b> Planning and Finance	<b>Phone number:</b> 719-668-8661
<b>Department:</b> Division/Pricing and Rates	<b>Date submitted:</b> June 13, 2023

**SPG Staff Use Only:** Consent Calendar

Yes

No

**ITEM NO. 11**



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# Fuel Related Rate Adjustments

Scott Shirola, Pricing and Rates Manager

June 21, 2023



# Agenda

- Quarterly Electric and Natural Gas Cost Adjustment (ECA and GCA)
- Annual Electric and Natural Gas Capacity Charges (ECC and GCC)
- Sample Bill Impacts

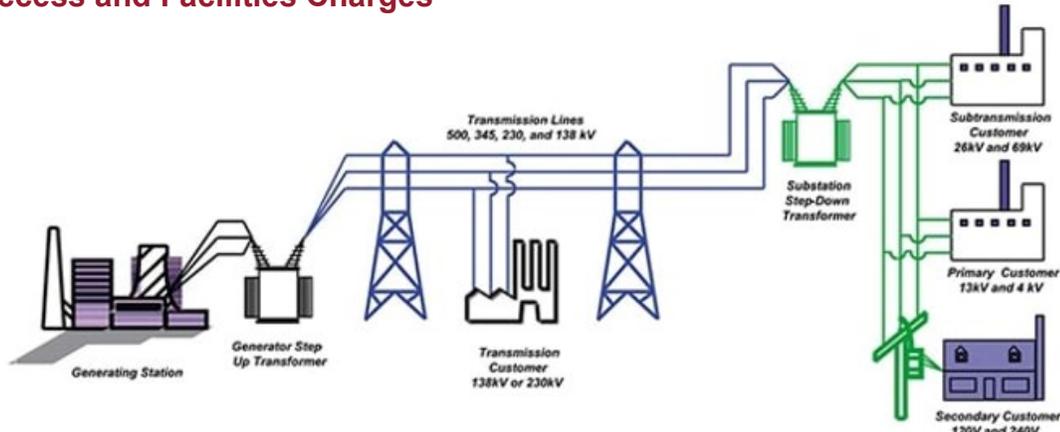
# Non-fuel (Base) and Fuel Related Rates

## Electric

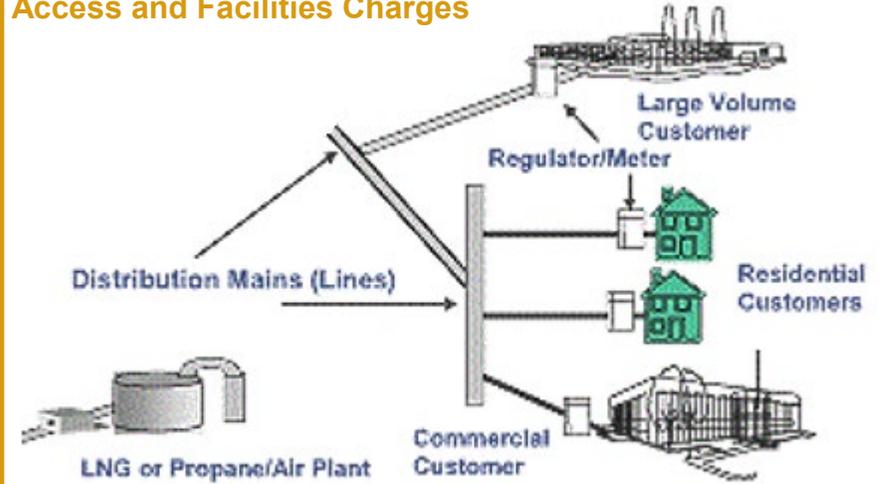
## Natural Gas

Non-Fuel  
Base Rates

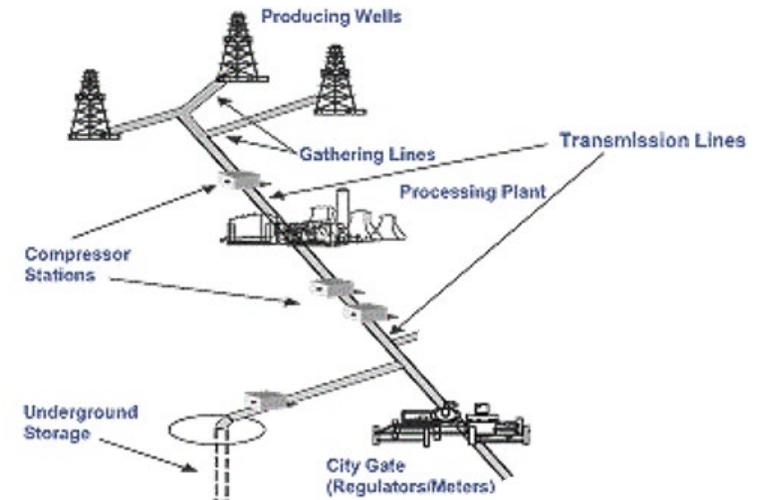
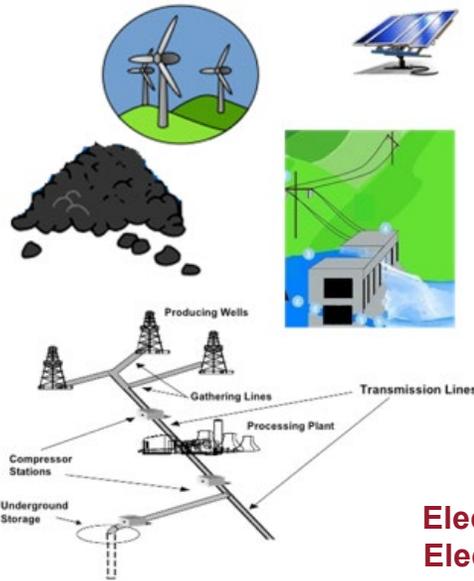
### Access and Facilities Charges



### Access and Facilities Charges



Fuel  
Rates



Electric Cost Adjustment (ECA)  
Electric Capacity Charge (ECC)

Gas Cost Adjustment (GCA)  
Gas Capacity Charge (GCC)

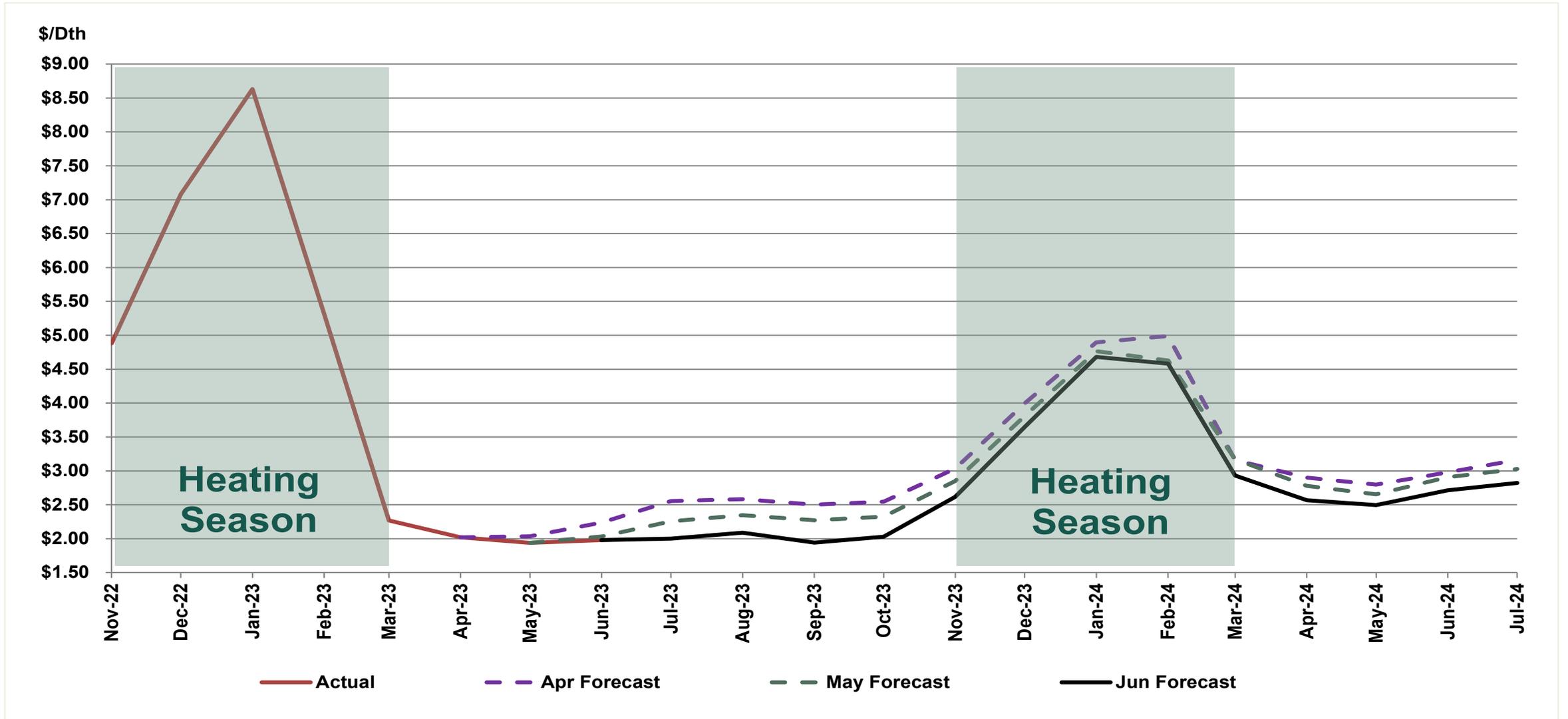
# Types of Fuel Related Cost

- Energy Cost: Electric Cost Adjustment (ECA) and Gas Cost Adjustment (GCA)
  - Energy costs are variable and driven by price fluctuations in the coal, natural gas, and purchase power market
    - Monitored monthly and adjusted quarterly
- Capacity Cost: Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC)
  - Capacity costs are primarily fixed based on contracted/reserved transmission capacity
    - Reviewed and adjusted annually
- Two-part Fuel Rate Composition
  - Part one: Forecasted expense for the period the rate will be in effect
  - Part two: True-up of over/under collected cost over 12 or 24-month period

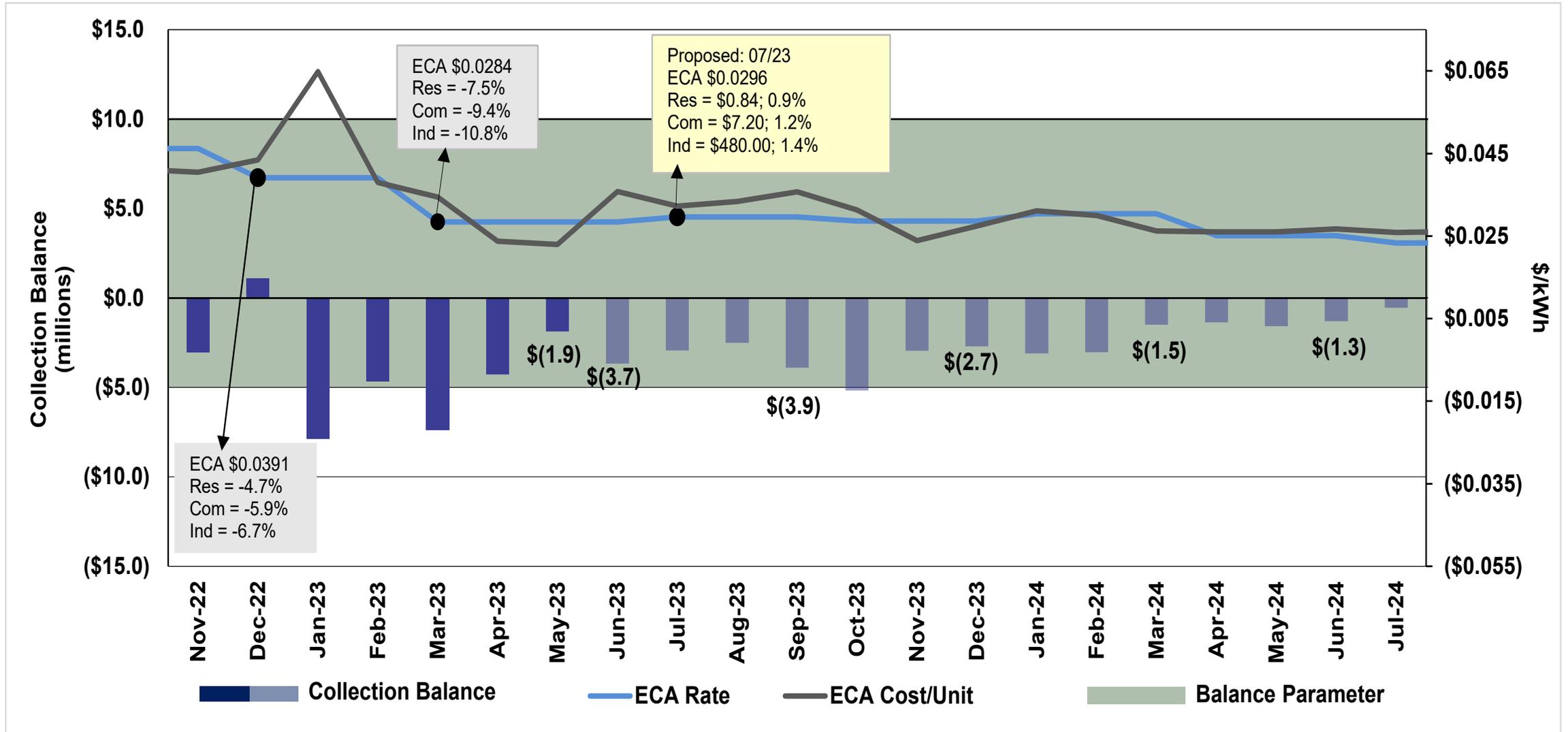
# **Electric Cost Adjustment**

# **Gas Cost Adjustment**

# Natural Gas Prices as of June 1, 2023

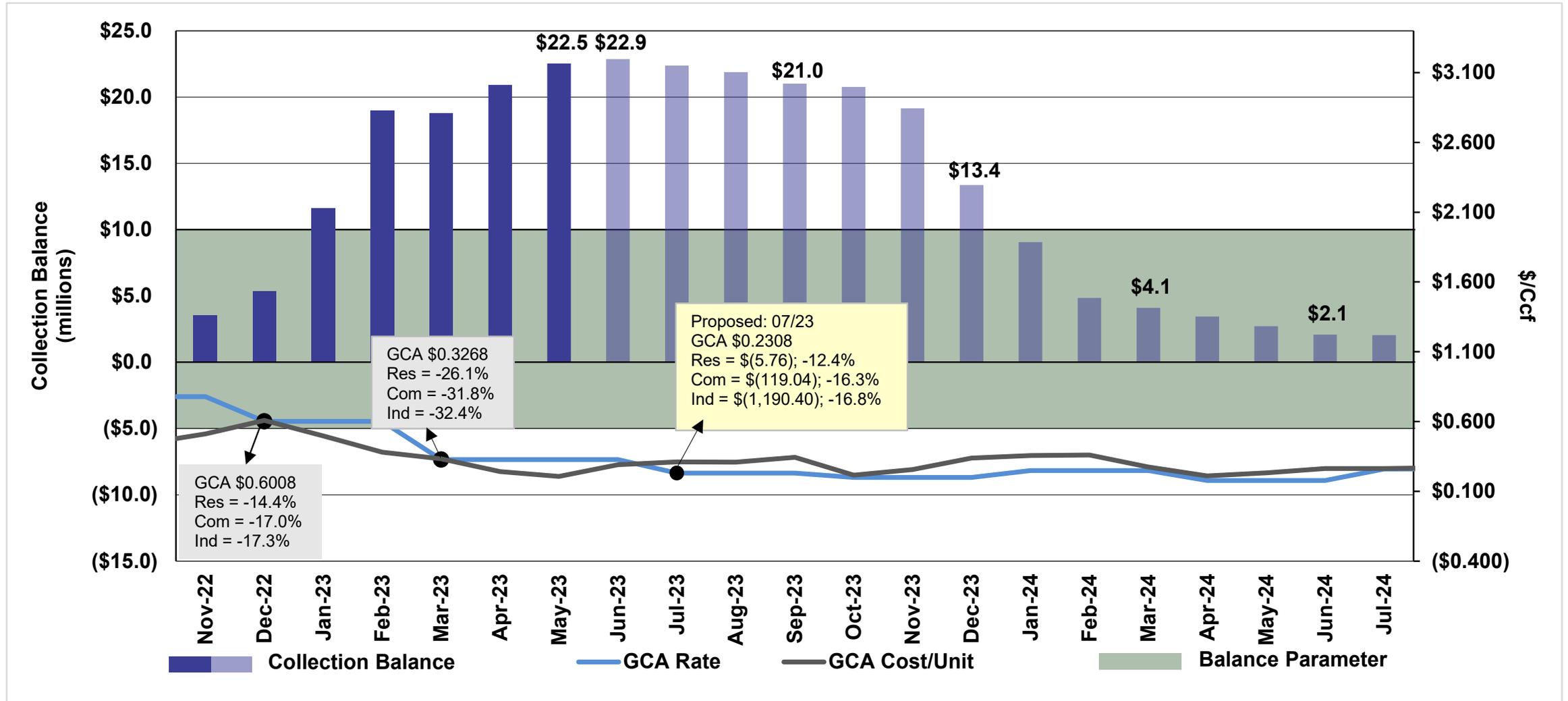


# ECA Projections June 2023



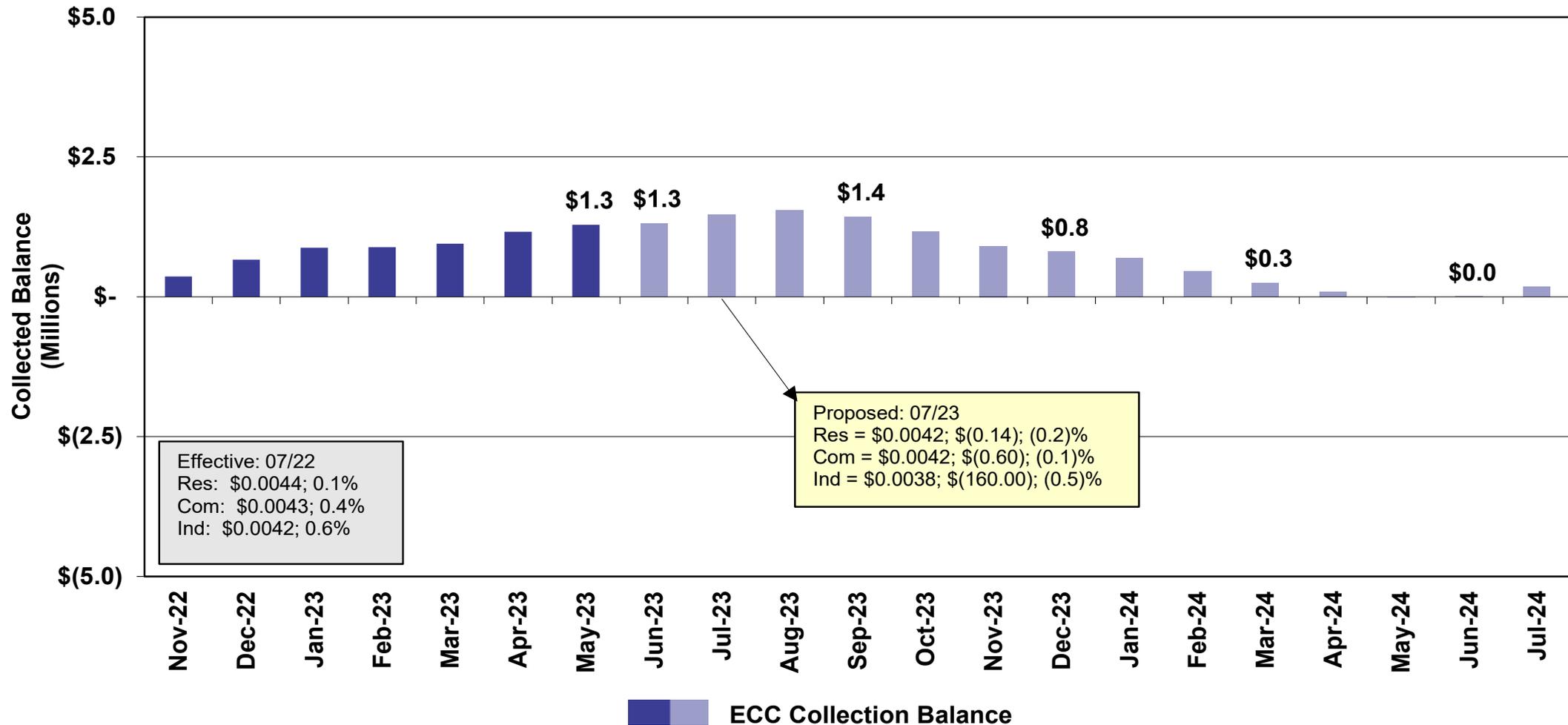
Current Green Power Service rate of \$0.0342 per kWh proposed to change to \$0.0361 per kWh, effective July 1, 2023

# GCA Projections June 2023

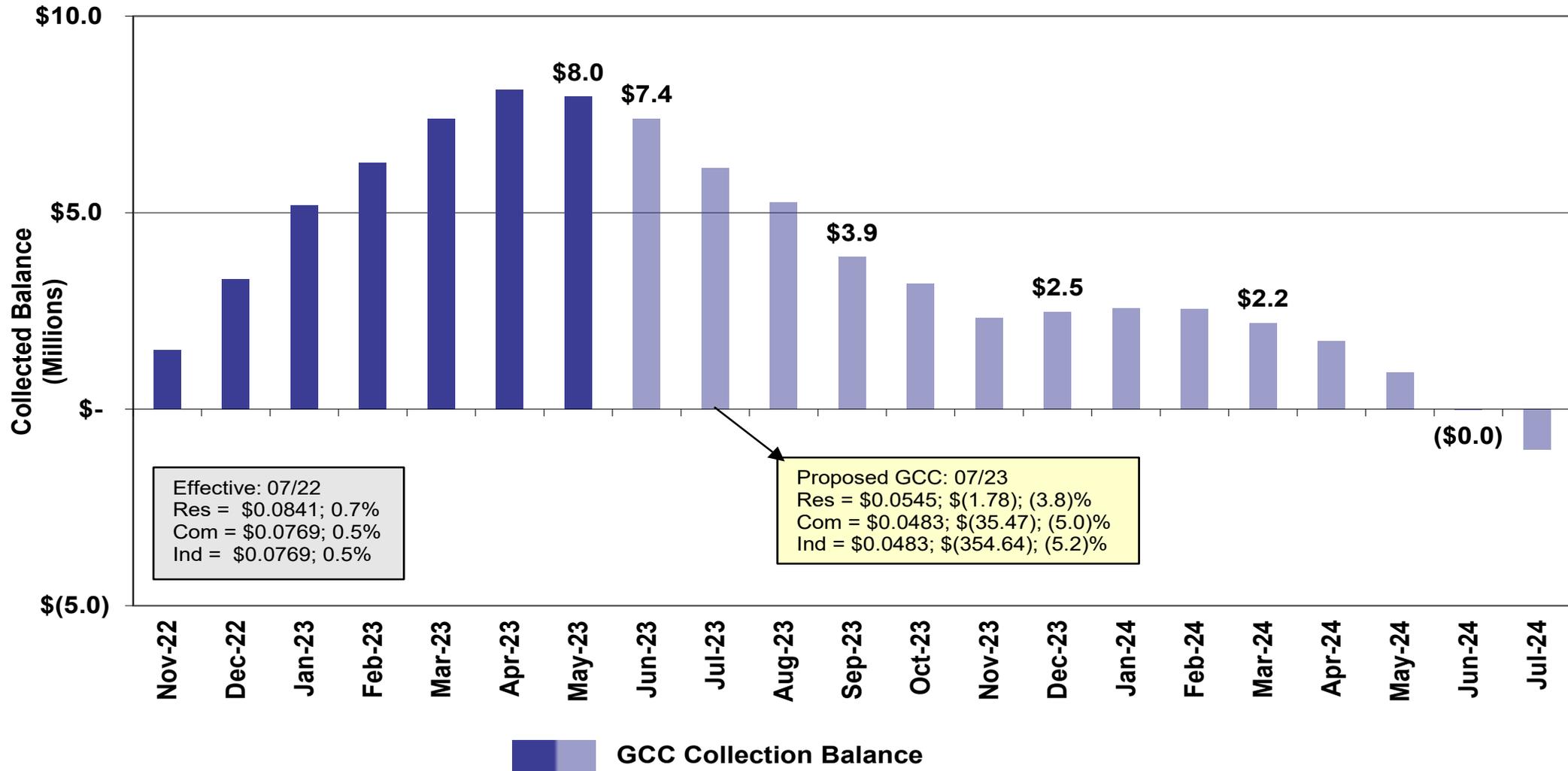


# **Electric Capacity Charge (ECC)** **Gas Capacity Charge (GCC)**

# ECC Projections June 2023



# GCC Projections June 2023



# Sample Bill Impacts

# Sample Residential Bill - Proposed Effective 7/1/23



## Sample Residential Monthly Bill

- SAMPLE BILL CALCULATIONS ASSUME:**
- 30 Day Billing Period
  - 700 kWh Electric
  - 60 Ccf Natural Gas
  - 1,100 cf Water inside city limits
  - 700 cf Wastewater inside city limits

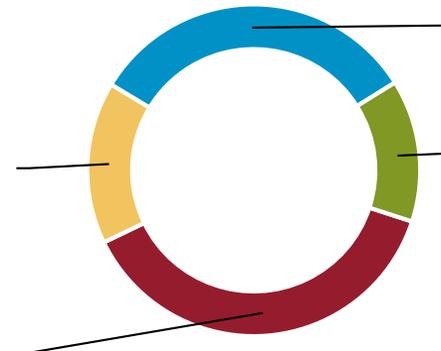
### Proposed Residential Changes (Sample Bill)

**Current Average Sample Bill**      \$ 253.56  
**Proposed Electric & Gas Decrease:** \$ 6.84  
**Proposed Total Avg. Sample Bill**      \$ 246.72

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

### Sample Total Residential Monthly Bill

<b>Electric (Proposed)</b>	<b>\$ 93.36</b>
<b>Gas (Proposed)</b>	<b>\$ 39.00</b>
<b>Water</b>	<b>\$ 80.14</b>
<b>Wastewater</b>	<b>\$ 34.22</b>
<b>Total (Proposed)</b>	<b>\$246.72</b>



# Sample Total Monthly Bill - Proposed Effective 7/1/23

Line No.	Rate Class	Current Effective	Proposed	Proposed Increase/ (Decrease)	% Change
(a)	(b)	(c)	(d)	(e) (d) - (c)	(f) (e) / (c)
1	<b>Residential</b>				
2	Electric	\$ 92.66	\$ 93.36	\$ 0.70	0.8%
3	Gas	46.54	39.00	(7.54)	-16.2%
4	Water	80.14	80.14	-	0.0%
5	Wastewater	34.22	34.22	-	0.0%
6	<b>Total</b>	<b>\$ 253.56</b>	<b>\$ 246.72</b>	<b>\$ (6.84)</b>	<b>-2.7%</b>
7	<b>Commercial</b>				
8	Electric	\$ 617.23	\$ 623.83	\$ 6.60	1.1%
9	Gas	728.77	574.26	(154.51)	-21.2%
10	Water	241.65	241.65	-	0.0%
11	Wastewater	126.76	126.76	-	0.0%
12	<b>Total</b>	<b>\$ 1,714.41</b>	<b>\$ 1,566.50</b>	<b>\$ (147.91)</b>	<b>-8.6%</b>
13	<b>Industrial</b>				
14	Electric	\$ 35,459.34	\$ 35,779.34	\$ 320.00	0.9%
15	Gas	7,075.46	5,530.42	(1,545.04)	-21.8%
16	Water	3,160.35	3,160.35	-	0.0%
17	Wastewater	1,630.76	1,630.76	-	0.0%
18	<b>Total</b>	<b>\$ 47,325.91</b>	<b>\$ 46,100.87</b>	<b>\$ (1,225.04)</b>	<b>-2.6%</b>

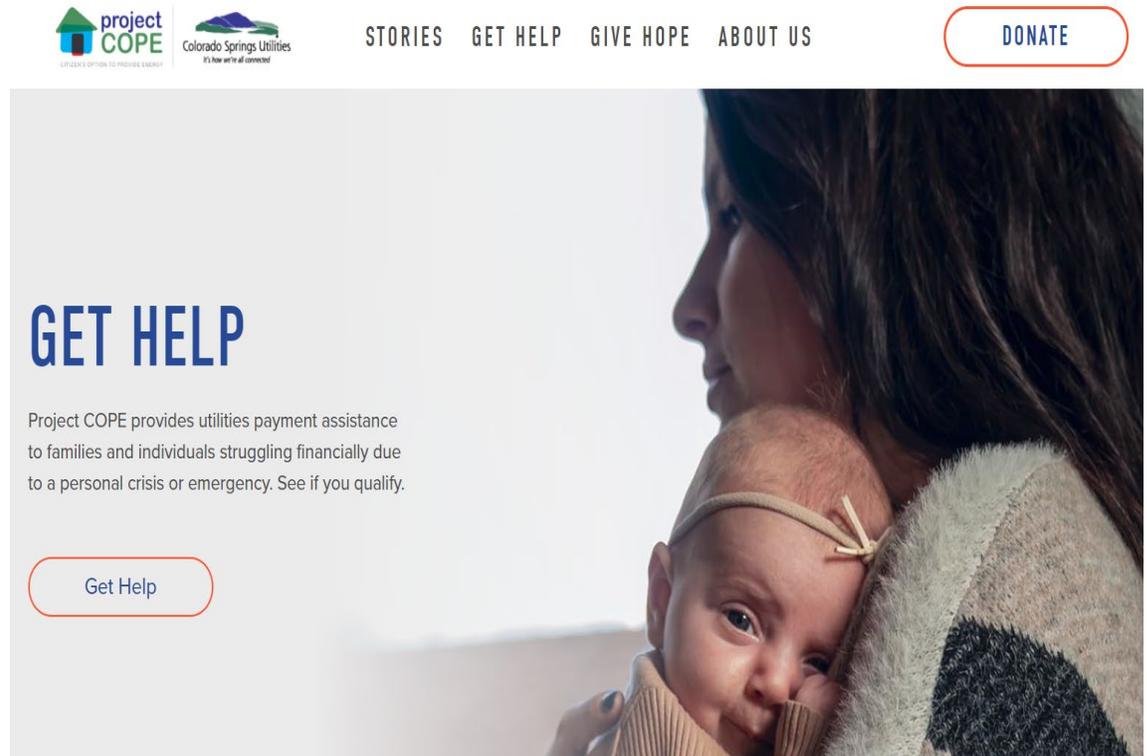
Sample Total Monthly Bill calculations for current and proposed rates assume:

- Residential - 30 days, 700 kWh (Electric), 60 Ccf (Natural Gas), 1,100 cf (Water Inside City Limits), and 700 cf (Wastewater Inside City Limits)
- Commercial - 30 days, 6,000 kWh (Electric), 1,240 Ccf (Natural Gas), 3,000 cf (Water Inside City Limits), and 3,000 cf (Wastewater Inside City Limits)
- Industrial - 30 days, 400,000 kWh and 1,000 kW (Electric), 12,400 Ccf (Natural Gas), 50,000 cf (Water Inside City Limits), and 50,000 cf (Wastewater Inside City Limits)

Note: Specific individual customer impact can be calculated by utilizing Utilities' Bill Calculator found at [www.csu.org/bcals/](http://www.csu.org/bcals/)

# Helping Customers Today

- Bill assistance
  - Low-Income Energy Assistance Program (LEAP) Nov – Apr
  - Project COPE
- Payment options
  - Payment plans
  - Pick my payment date
- Contact information
  - 2-1-1 for customer assistance
  - 719-448-4800 for billing questions



# Long-term Assistance

- Free efficiency home upgrades
  - Home Efficiency Assistance Program (HEAP)
- Efficiency tips & education
  - Online at [csu.org](http://csu.org)
  - Conservation and Environmental Center
- Rebates
  - Clothes dryer
  - Water heater
  - Furnace
  - Smart thermostat





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# Board Memo Agenda Item

## Staff Report

**Date:** June 21, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** A Resolution Finding a Public Purpose in a Lease for Less Than Fair Market Value to the State of Colorado

### NARRATIVE:

**Desired Action:** Discussion

**Executive Summary:** Colorado Springs Utilities requests that the Utilities Board move forward to City Council a Resolution finding a public purpose in a lease of less than fair market value to the State of Colorado, Department of Higher Education, by the State Board for Community Colleges and Occupational Education for the use and benefit of Trinidad State Junior College in support of the Rocky Mountain Line Technician Program.

Staff is requesting approval of a term of five-years with an additional option to renew for three more five-year terms.

**Benefits:** Colorado Springs Utilities has realized substantial benefits from the Trinidad's program, including training of a local workforce of electric line technicians and would like for those benefits to continue.

**Board Policy:** N/A

**Cost/Budget:** N/A

**Affected Parties:** Trinidad State Junior College and the Colorado Department of Higher Education

**Alternatives:** N/A

**Submitter:** Jessica Davis

**Email address:** [jedavis@csu.org](mailto:jedavis@csu.org)

**Division/ Department:** Systems Planning & Projects/  
Technology & Facility Management

**Phone number:** 719-668-7581

**Date submitted:** June 5, 2023

**SPG Staff Use Only:** Consent Calendar

Yes

**ITEM NO. 12**



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# **A Resolution Finding a Public Purpose in a Lease for Less Than Fair Market Value to the State of Colorado**

Jessica Davis  
Land Resource Manager  
June 21, 2023

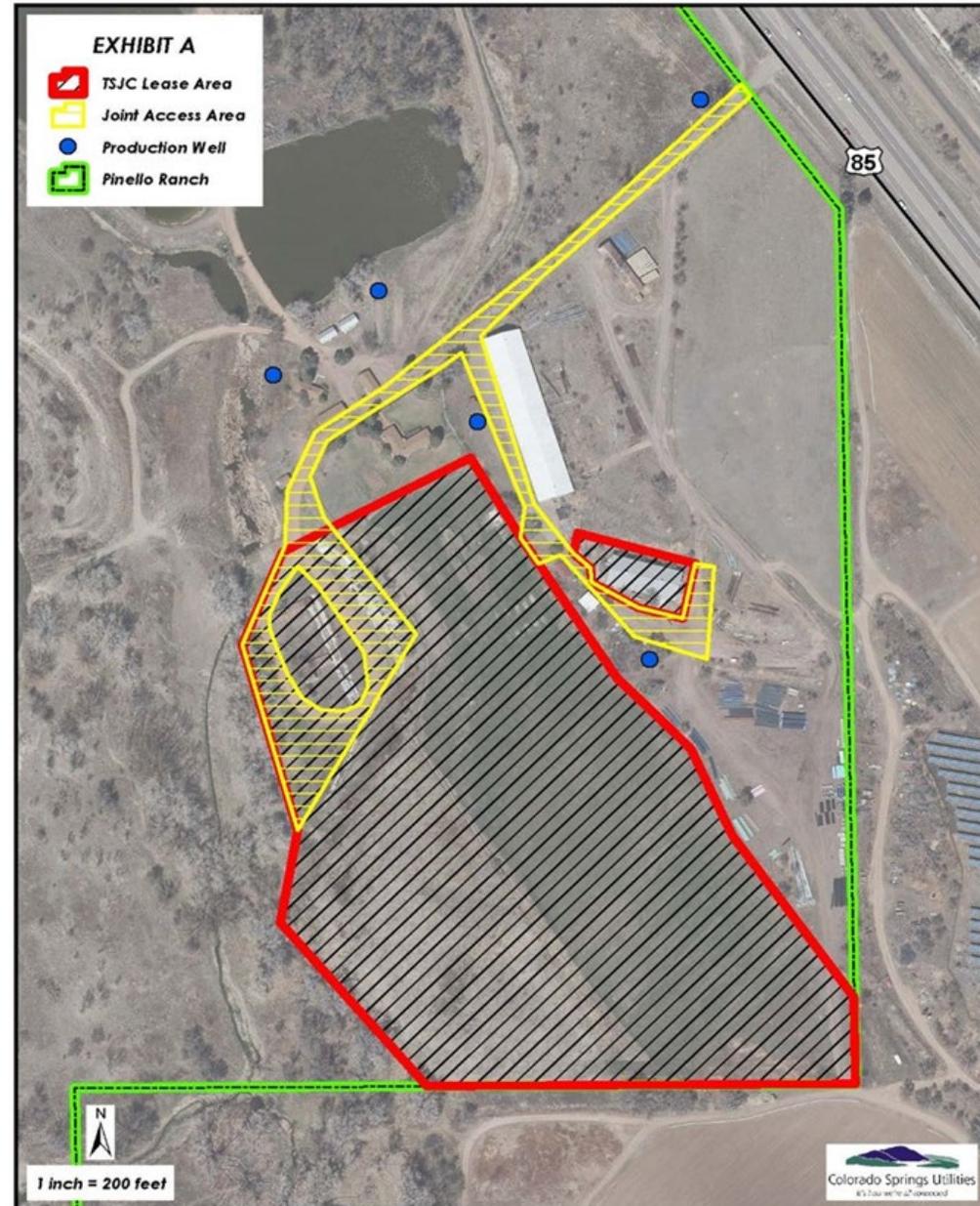
# Background

- Existing MOU since 2008
- Existing lease at Pinello Ranch since 2018
- Need for Qualified Line technicians
- Local hiring = stay in community
- Provides hands on and classroom laboratory and practical training



# Proposal

- Continue existing partnership with Trinidad State Junior College
  - Facilitate training of future linemen
  - Develop electric line technicians
- Lease portion of Pinello Ranch to Trinidad State Junior College
  - Five-year renewable lease
  - Educational program
  - Zero Lease rate
- Requires Council approval – below market lease rate



# Benefits

- Excellent pool for Colorado Springs Utilities and other regional utilities
- Well paying jobs (for non-college degreed individuals and veterans seeking a career or new career path)
- Local candidates, local training, local benefits – community
- 90% successful placement in lineman industry
- Classroom and training facilities in one location
- Long-term use of property benefits the community
- Commitment for the College, City Council Utilities Board and Community
- Recruits from region most likely to stay in region



# Action Requested

- Request resolution be placed on the July 11, 2023 formal City Council agenda for consideration.



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

A RESOLUTION FINDING A PUBLIC PURPOSE IN A LEASE FOR LESS THAN FAIR MARKET VALUE TO THE STATE OF COLORADO, DEPARTMENT OF HIGHER EDUCATION, BY THE STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION FOR THE USE AND BENEFIT OF TRINIDAD STATE JUNIOR COLLEGE IN SUPPORT OF THE ROCKY MOUNTAIN LINE TECHNICIAN PROGRAM

WHEREAS, on July 26, 2018, City Council passed Resolution No. 64-18, which allowed Colorado Springs Utilities (“Utilities”) to enter into a five-year, revocable lease (the “Lease”) agreement at below fair market value with the State of Colorado, Department of Higher Education, by the State Board for Community Colleges and Occupational Education for the use and benefit of Trinidad State Junior College (the “State”) for the State to use a portion of Utilities-controlled Pinello Ranch for the Rocky Mountain Line Technician Program (the “Program”); and

WHEREAS, Utilities’ Energy Division has realized substantial benefits from the Program, including training of a local workforce of electric line technicians, and wants those substantial benefits to continue; and

WHEREAS, the Lease’s term expired on April 30, 2023, and Utilities and the State (collectively, the “Parties”) wish to continue the Lease at a rental rate below fair market value due to the benefit it provides Utilities for an additional five-year term, with the Parties having the option to extend the Lease for three additional five-year terms; and

WHEREAS, pursuant to The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021 (“RES Manual”) and City Charter §10-100 require that City Council make findings regarding a public purpose for a below-market lease.

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

Section 1. In accordance with §11.2(c)(iii)(2) of the RES Manual, City Council hereby finds a public purpose in granting to the State a five-year revocable lease, with the option to extend the lease for three additional five-year terms for the Program at a rental rate below fair market value.

Section 2. The City's Real Estate Services Manager is authorized to execute all documents necessary to enter the lease agreement described in Section 1.

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

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

ATTEST:

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

# Board Memo Agenda Item

## Staff Report

**Date:** June 21, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** A Resolution Authorizing the Acquisition of Real Property to be Used for the Central Bluffs Substation Project

### NARRATIVE:

**Desired Action:** Discussion

**Executive Summary:** Colorado Springs Utilities has identified three substations that are severely space constrained and no longer located at ideal points on the grid to accommodate future demand. The Central Bluffs Substation Project will replace these three aging substations with one facility to improve system reliability, resiliency, and efficiency. Additionally, it will provide for long-term operation and maintenance savings. As part of the project, Springs Utilities has identified a site for the new substation.

There are seven parcels that need to be acquired to accommodate the new substation. Springs Utilities is requesting that the Utilities Board forward a resolution to City Council to request approval to purchase 2910 Austin Bluffs Parkway, Colorado Springs, Colorado. This is the last acquisition needed for the Central Bluffs Substation Project.

**Benefits:** Colorado Springs Utilities is modernizing the electric grid for sustainability and system resiliency and reliability.

**Board Policy:** N/A

**Cost/Budget:** The total acquisition amount of \$2,150,000 for 2910 Austin Bluffs Parkway.

**Affected Parties:** Colorado Springs Utilities conducted neighborhood meetings on July 20 and Oct. 18, 2022, to inform the neighborhood about the project. Springs Utilities sent out mailers to all the properties within a one-mile radius of the project site. Staff met with and has had regular communication with property owners impacted by the project and will continue to communicate with stakeholders on a regular basis. The Utilities Board has been briefed on the proposed acquisition of the property. In addition, negotiations with property owners are conducted in accordance with the RES Manual, and all applicable laws.

**Alternatives:** N/A

<b>Submitter:</b> Jessica Davis	<b>Email address:</b> <a href="mailto:jedavis@csu.org">jedavis@csu.org</a>
<b>Division/ Department:</b> Systems Planning & Projects/ Technology & Facility Management	<b>Phone number:</b> 719-668-7581
	<b>Date submitted:</b> June 5, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 13</b>
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Colorado Springs Utilities  
*It's how we're all connected*

# A RESOLUTION AUTHORIZING THE ACQUISITION OF REAL PROPERTY TO BE USED FOR THE CENTRAL BLUFFS SUBSTATION PROJECT

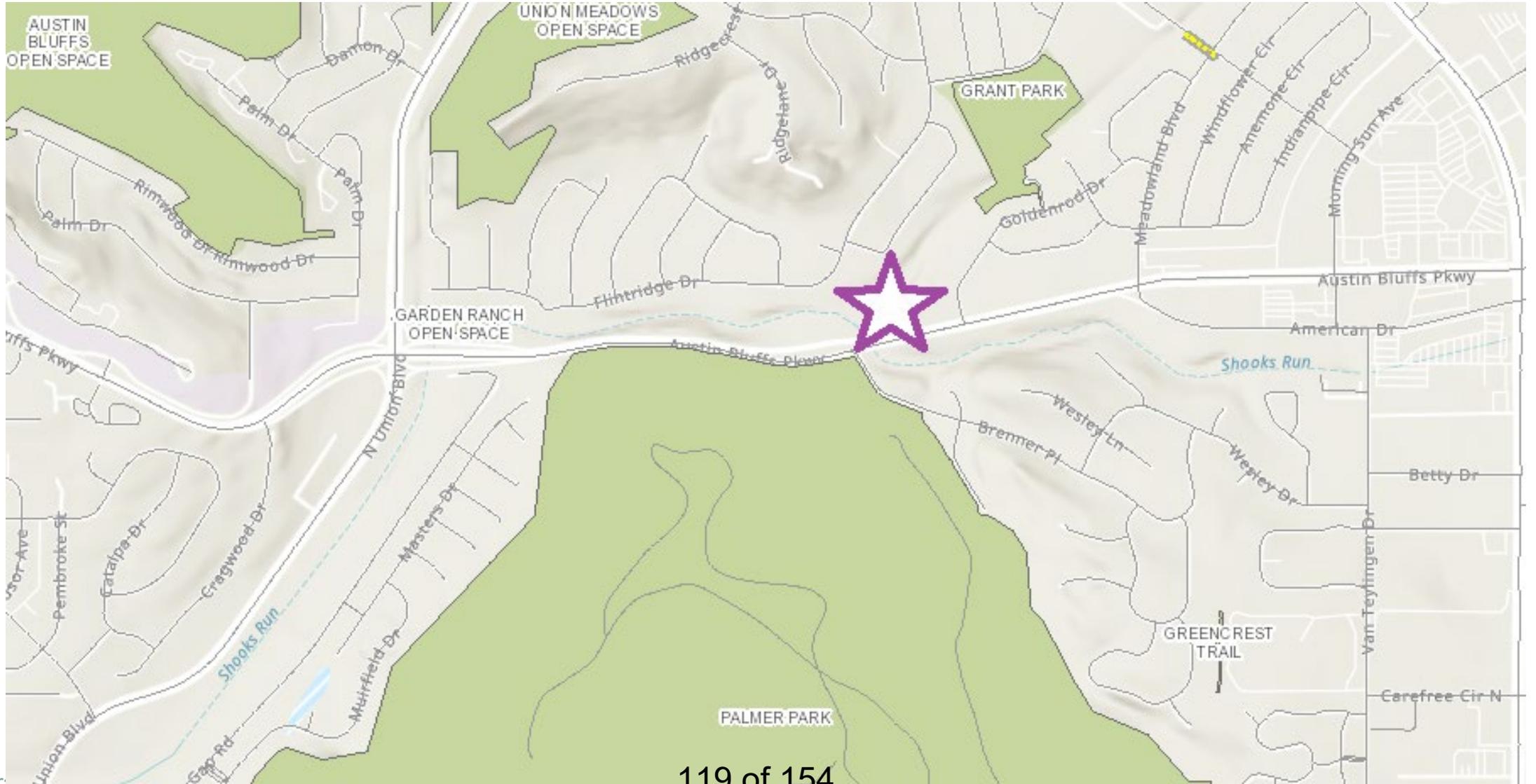
Jessica Davis  
Land Resource Manager  
June 21, 2023

# Central Bluffs Substation Project

- Replacement of 3 aging substations
- Long-term O&M savings
- Ensure reliability of system
- Safety upgrades

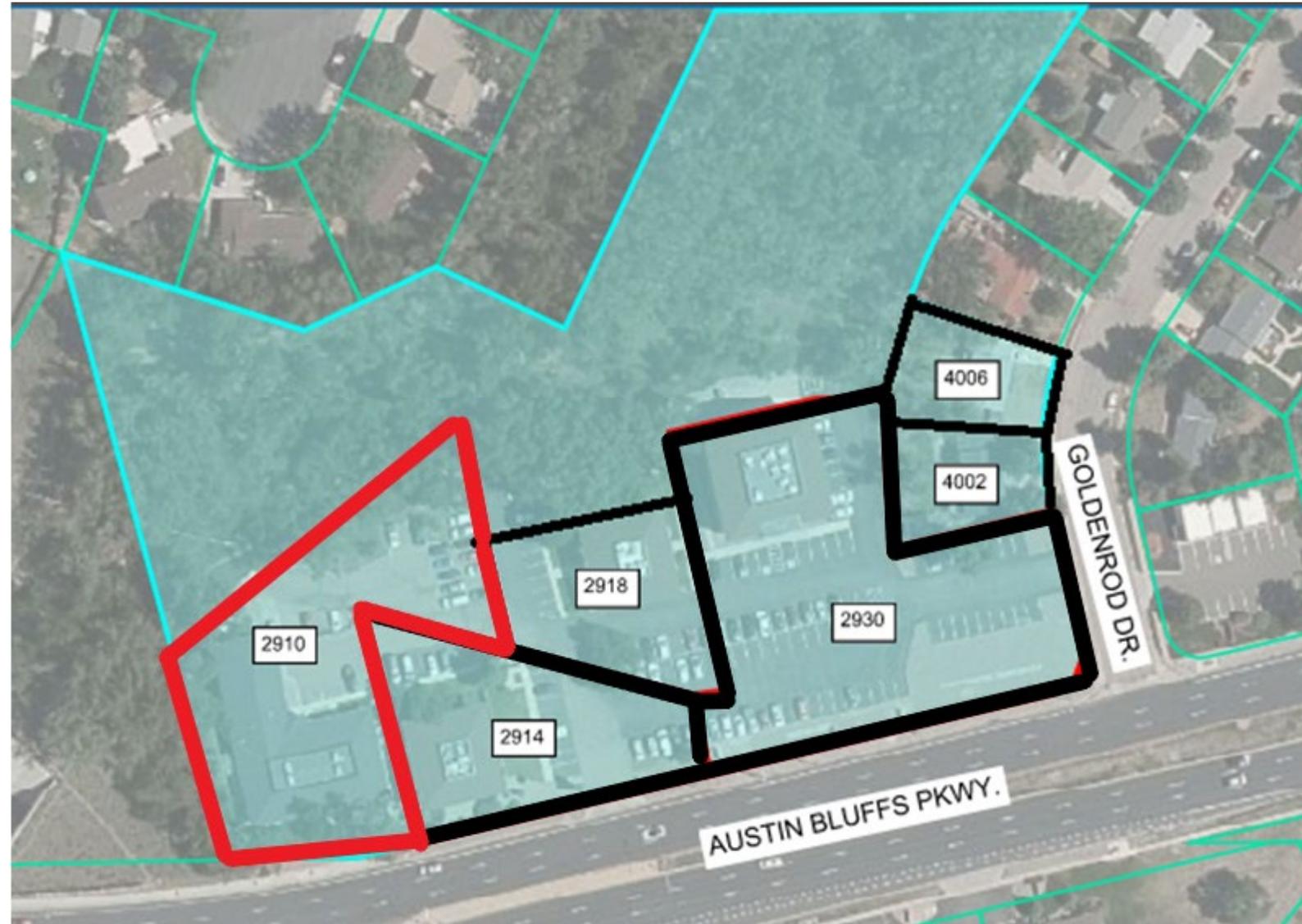


# Vicinity Map



# Central Bluffs Substation Site

- 7 Properties
  - Commercial
    - **2910 Austin Bluffs Pkwy**
    - **2914 Austin Bluffs Pkwy**
    - **2918 Austin Bluff Pkwy**
    - **2930 Austin Bluffs Pkwy**
  - Residential
    - **4002 Goldenrod Drive**
    - **4006 Goldenrod Drive**
  - Vacant Land
    - **2922 Austin Bluffs Pkwy**



# Property – 2910 Austin Bluffs Parkway

- TSN: 6327206056
- Owner: JCJK Real Estate, LLC
- Appraisal: \$1,900,000
- Request approval for purchase price of \$2,150,000
- Close by Sept. 15, 2023

# Action Requested

- Request resolution be placed on the July 11, 2023 formal City Council agenda for consideration.



Colorado Springs Utilities<sup>®</sup>

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

A RESOLUTION AUTHORIZING THE ACQUISITION OF REAL PROPERTY OWNED LOCATED AT 2910 AUSTIN BLUFFS PARKWAY TO BE USED FOR THE CENTRAL BLUFFS SUBSTATION PROJECT

WHEREAS, certain real property owned by JCJK Real Estate, LLC (“Property Owner”) which is located at 2910 Austin Bluffs Parkway, Colorado Springs, Colorado, also known as El Paso County Tax Schedule Number 6327206056 in the records of the El Paso County Clerk and Recorder, El Paso County, Colorado, (the “Property”), has been identified as necessary for the Central Bluffs Substation Relocation Project (“Project”); and

WHEREAS, the City of Colorado Springs on behalf of its enterprise Colorado Springs Utilities (“Utilities”) desires to purchase and the Property Owner desires to sell the Property to the Utilities for a purchase price of \$2,150,000; and

WHEREAS, the \$2,150,000 purchase price for the Property is supported by a real estate appraisal conducted by an independent real estate appraiser; and

WHEREAS, the acquisition of the Property is in the public interest and is necessary for the Project; and

WHEREAS, pursuant to sections 4.1 and 9.6 of *The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021* (“Real Estate Manual”), City Council approval is required for acquisition of real property interests if the total acquisition amount exceeds \$100,000; and

WHEREAS, Utilities requests the approval of City Council to purchase the Property for a purchase price of \$2,150,000.

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

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

Section 2. That in accord with the Real Estate Manual, the City Council hereby authorizes the acquisition of the Property for the purchase price of \$2,150,000.

Section 3. That the City’s Real Estate Services Manager is authorized to execute all documents necessary to complete the acquisition of the Property as contemplated herein.

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

ATTEST:

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

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

# Board Memo Agenda Item

## Staff Report

**Date:** June 21, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Electric Integrated Resource (Clean Energy Plan) and Clean Heat Plans

### NARRATIVE:

**Desired Action:** Approval

**Executive Summary:** Colorado Springs Utilities staff will present the changes to the 2020 Electric Integrated Resource Plan that will result in changes to the Clean Energy Plan as submitted in 2021. The presentation will show how Colorado Springs plans on implementing our energy portfolio that meets the requirement of 80% greenhouse gas emission reduction by 2030 while maintaining system reliability.

The Clean Heat Plan portfolios will be presented with a recommendation to utilize the cost cap methodology based on 2015 emission and revenue baseline for the approved portfolio.

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

**Board Policy:** I-6 Infrastructure, I-12 Environmental Stewardship

**Cost/Budget:** \$2.67M in 2024 and 2025 and \$3.34M in 2026-2030 for Clean Heat Plan  
\$4 – 6B estimated net present value for Clean Energy Plan

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

**Alternatives:** N/A

<b>Submitter:</b> David Longrie	<b>Email address:</b> dlongrie@csu.org
<b>Division/ Department:</b> Systems Planning and Projects/ Energy Resource Planning & Innovation	<b>Phone number:</b> 719-668-8776
	<b>Date submitted:</b> June 2, 2023

**SPG Staff Use Only:** Consent Calendar  Yes  No

**ITEM NO. 14**



Colorado Springs Utilities  
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# Electric Integrated Resource Plan and Clean Heat Plan

David Longrie, Manager Energy Resource Planning and Innovation

Heather Tocci, Gas Resource Planner

# Electric Integrated Resource Plan

# Updated Planning Inputs

# Load Forecast

## Increase in load forecast



### Load increase

- Growth
- Electric Vehicles
- Air Conditioning

### Load reduction

- Energy Efficiency
- Distributed Solar

# Resource Adequacy

## Planning Reserve Margin

Scenario	2026
Base Case	<b>19.5%</b>
Island Sensitivity	42.2%
Low Expected Forced Outage Rate (EFOR)	19.5%
Shaft Risk Sensitivity	19.2%

## Effective Load Carry Capacity (ELCC)

### Existing Portfolio Average ELCC

Technology	2026 ELCC	2030 ELCC
Solar	27.4%	25.2%
Wind	17.6%	17.0%
Storage	89.7%	89.7%

### Incremental Portfolio Average

Technology	200 MW	400 MW	600 MW
Solar	11.0 %	10.7%	9.8%
Wind	17.6%	15.0%	12.0%
BESS	83.3%	55.4%	33.8%

# Generation Resource Retirement Dates

- **2025 – Birdsall 1 & 2 (32 MWs)**
- **2027 – Birdsall 3 (22 MWs)**
- **2029 – Nixon 1 (195 MWs)**



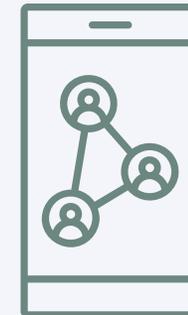
# Other Considerations



Gas Supply



Regional Transmission  
Organization

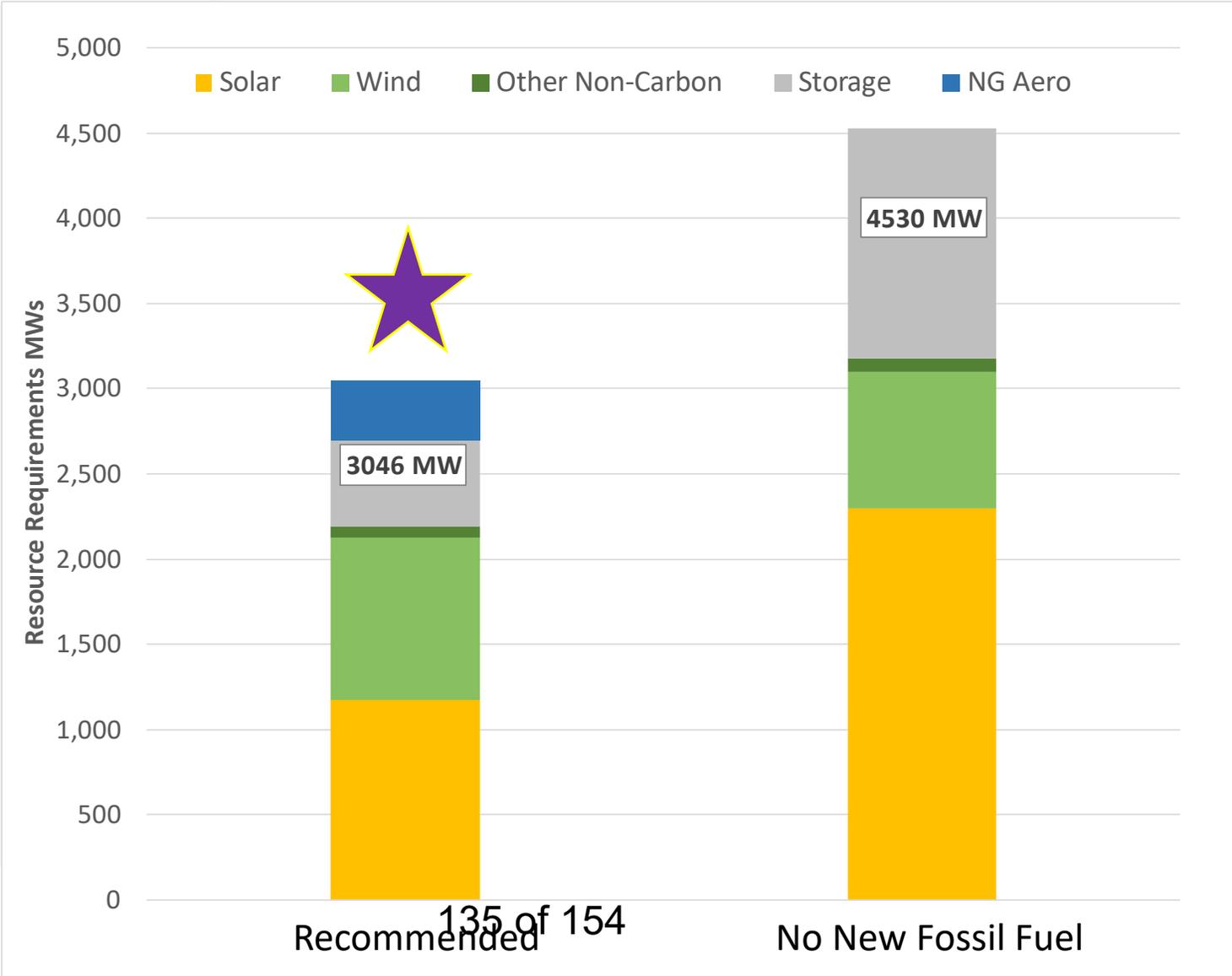


Advanced Utility  
Infrastructure

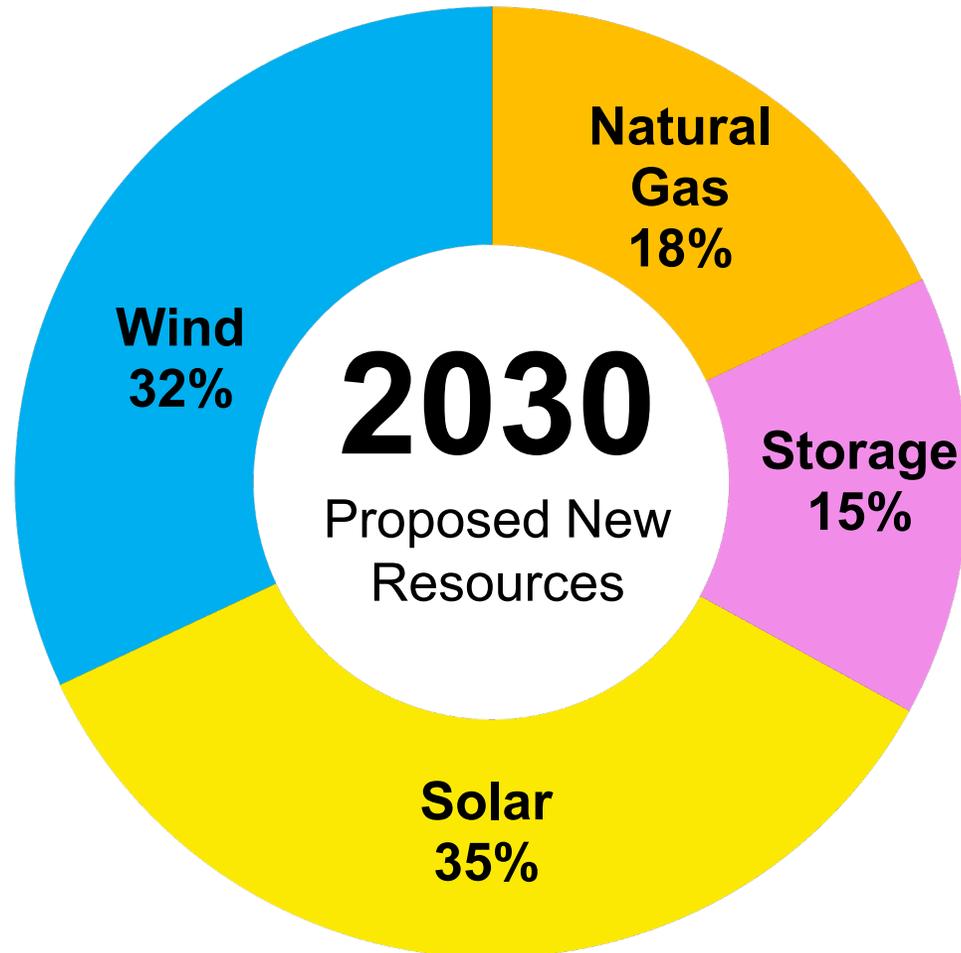
# Updated Resource Acquisitions

# New Resource Additions through 2050: Portfolio Comparison

 = Staff's recommendation



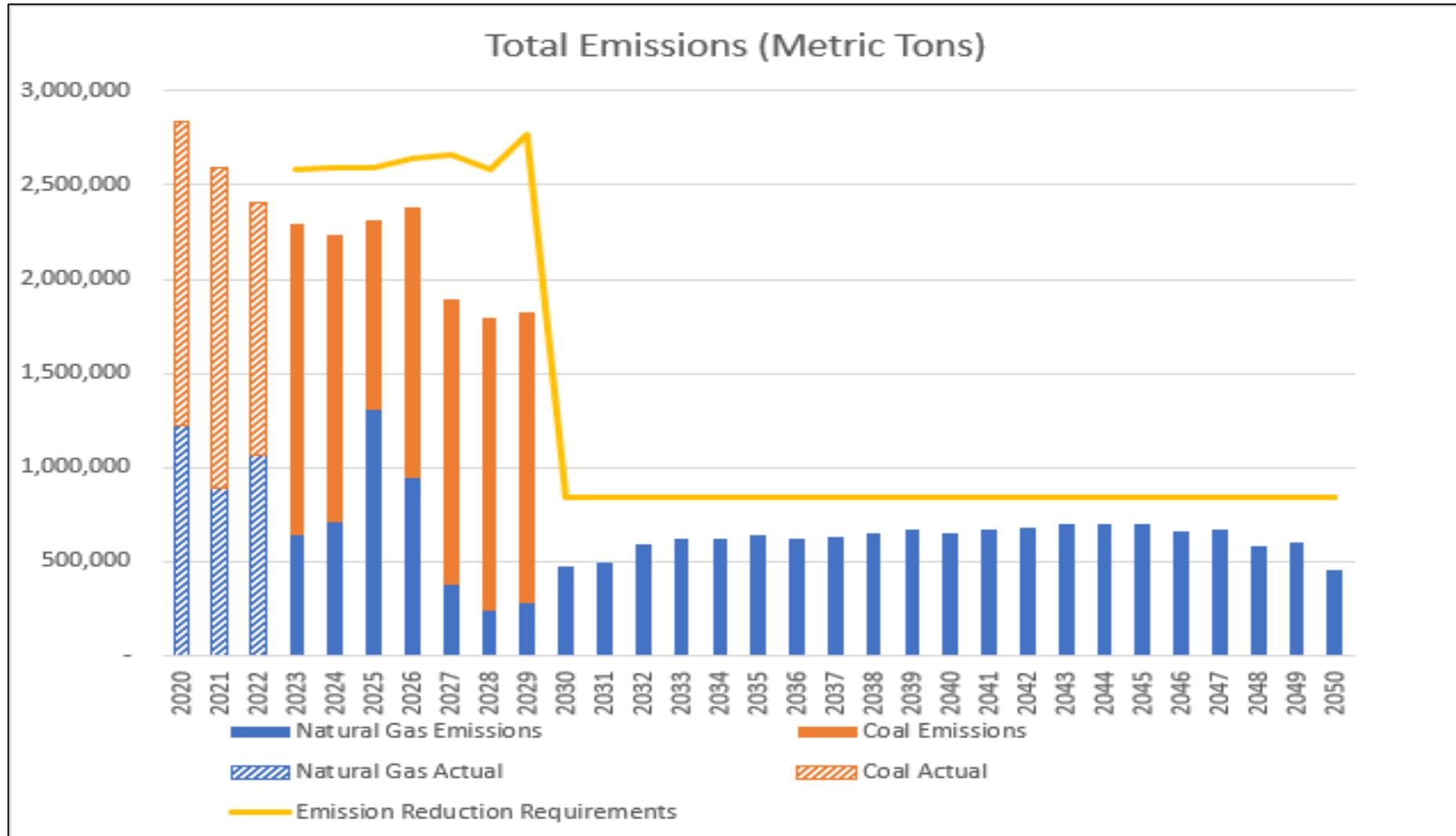
# Proposed Additional Resources Available by 2030



*a greener* **FUTURE**

- 175 MW Solar Underway
- 200 MW Battery Storage Underway
- 525 MW Solar
- 100 MW Storage
- 625 MW Wind
- 350 MW Gas Generation

# Emissions



# Cost Allocation

Owned resources will be purchased with capital dollars

- Gas generators, substations, interconnection fees, transmission, and possibly storage

Purchased Power Agreements will be applied to the Electric Cost Adjustment

- Solar, wind, possibly storage, and other renewable resources

# Recommended Action

- Approve Resolution approving Material changes to Colorado Springs Utilities' 2020 Electric Integrated Resource Plan



# Clean Heat Plan

# Recap

## Senate Bill 21-264 – Clean Heat Plan (CHP)

- Requires municipal gas distribution utilities to develop, file, and receive approval of comprehensive clean heat plans designed to reduce greenhouse gas (GHG) emissions
- A municipal gas distribution utility is defined as a municipally owned utility that provides gas service to more than 90,000 customers
- Must meet requirements shown in Table 1
- Plan shall be submitted to the Air Pollution Control Division (Division) no later than August 1, 2023 for verification

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

Table 1 – CHP Requirements

# Public process

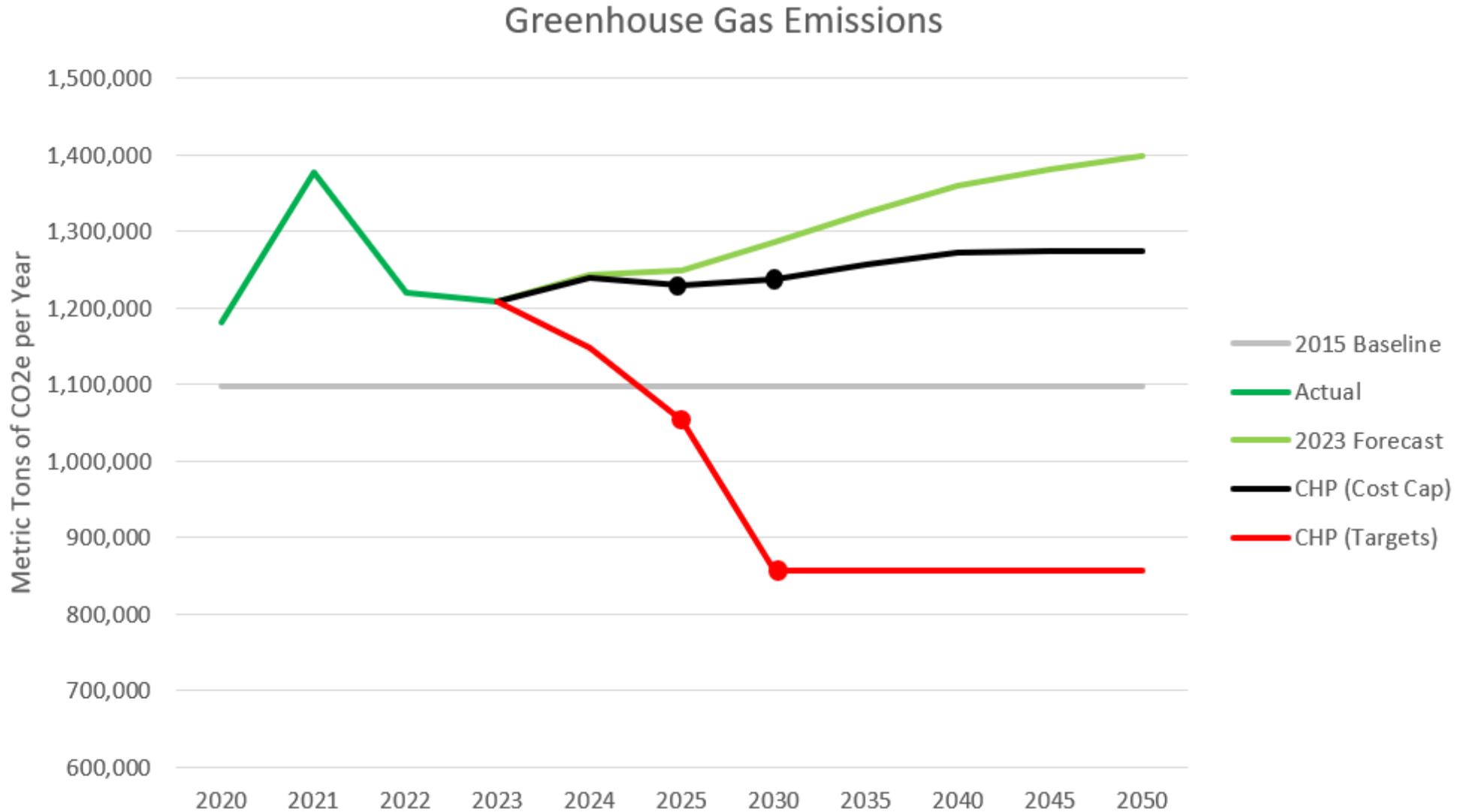
- January 30 – February 13, 2023, Behind the Meter Survey
- March 22, 2023, Utilities Board (UB) overview of the CHP
- May 8, 2023, public meeting -- Planning our Energy Future
- May 17, 2023, Utilities Board (UB) overview of the CHP and CHP Guidance Document
- June 21, 2023, Utilities Board (UB) approval of the CHP approach



# Clean Heat Plan Portfolio Definitions

- **Forecast** – Gas use without CHP intervention
- **Cost Cap** – Using the 2%/2.5% to reduce carbon output in the most cost-effective methods possible while maintaining a robust collection of options to assist as many customers as possible
- **Target** – Meeting the targets of 4% in 2025 and 22% in 2030 assuming Utilities pays 100% of the install cost and maintains a 22% reduction in years after 2030

# Estimated Greenhouse Gas Reductions



# Additional Considerations

While these items are not considered approved portfolio options as part of the CHP, Utilities thought it would provide value to understand the effects of weather and population growth on gas usage.

- Weather Normalization
  - 2015 was warmer than a normal year, so gas usage was lower than normal
  - Weather normalization increases the baseline and targets
  - The increased baseline and targets will still not be met using the cost cap methodology
- Population Normalization
  - Colorado Springs has seen significant growth since 2015 and is expected to continue
  - Population normalization shows a continuous decrease in per customer gas usage since 2015
  - Cost cap decreases per customer use even further and shows continuous decrease through the foreseeable future
  - Cost cap reduces residential use by 5% from the 2015 baseline by 2025 and by 9% from the 2015 baseline by 2030

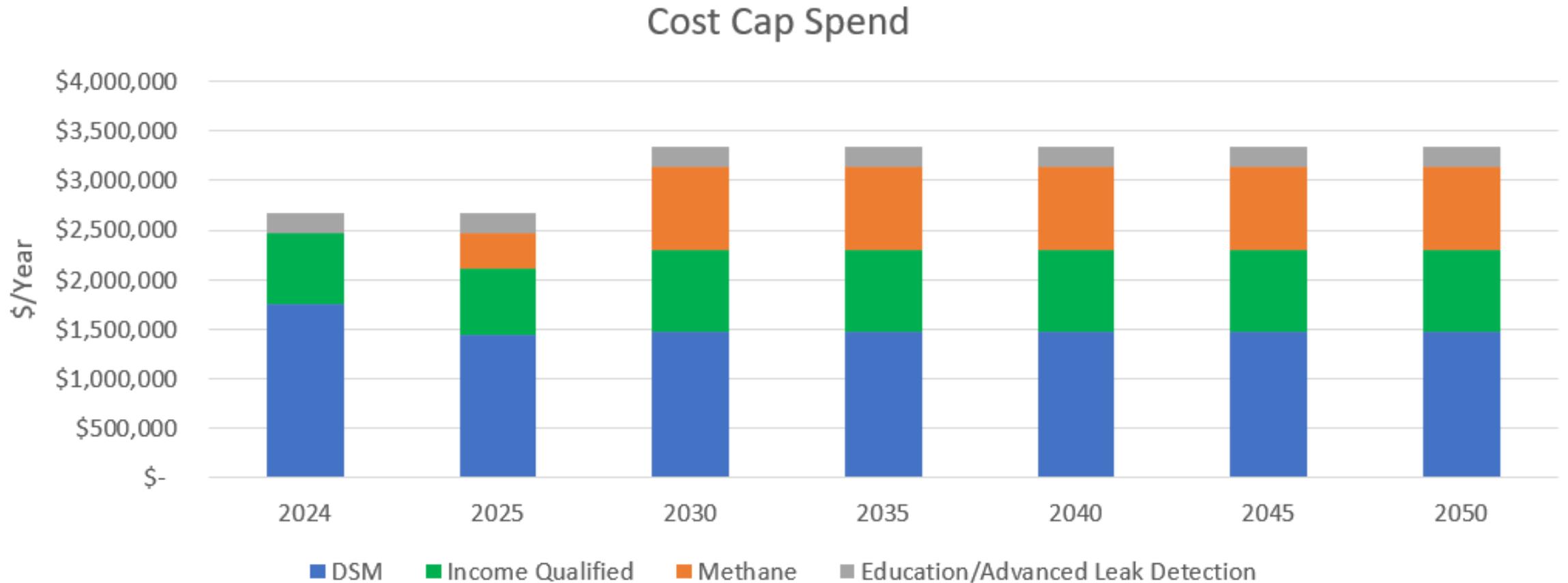
# Summary

Year	Metric	Cost Cap	Target
2024-2025	CO2e Reductions (Metric Tons)	18,000	195,000
	Cost per Year	\$2.67 M	\$443 M
	Full Electrification Residential Home Equivalent (by the end of 2025)	4,000	45,000
2026-2030	CO2e Reductions (Metric Tons)	50,000	430,000
	Cost per Year	\$3.34 M	\$187 M
	Full Electrification Residential Home Equivalent (by the end of 2030)	12,000	100,000

2015 Baseline Use – 1,075,052 Metric Tons of CO2e

2022 Actual Use – 1,220,054 Metric Tons of CO2e

# Cost Cap Expenditure Plan



# Current GHG Reductions Tools Used in Workbooks

PROGRAM	DESCRIPTION
<b>Demand Side Management (DSM)</b>	
Builder Incentive Program (BIP)	Provides builders with incentives based on efficiency of the home and enhanced building techniques including electrification
Home Efficiency Assistance Program (HEAP)	Provides efficiency services to income qualified homeowners' homes, free to the customer
Energy Star Wi-Fi Thermostat	Provides rebates for purchasing an Energy Star Wi-Fi thermostat
Heating Ventilation and Air Conditioning (HVAC) Rebates	Provides rebates for purchasing an Energy Star natural gas furnace, Energy Star heat pump, or a cold climate heat pump
Insulation and Air Sealing	Provides rebates for upgrading insulation to current building standards and sealing any air gaps between conditioned and non-conditioned spaces
Water Heater	Provides rebates for purchasing an Energy Star natural gas water heater or a hybrid heat pump water heater
WaterSense Showerhead	A program for customers to exchange old, high-use showerheads with low-flow WaterSense showerheads
<b>Recovered Methane</b>	
Renewable Natural Gas	Methane recovered from feedlots and/or dairy farms in eastern Colorado (not available until 2025)

# Recommended Action

- Approve Resolution approving Clean Heat Plan approach that implements the Cost Cap based on the 2015 emission and revenue baseline



RESOLUTION NO. 23-08

A RESOLUTION APPROVING MATERIAL CHANGES TO  
COLORADO SPRINGS UTILITIES' 2020 ELECTRIC  
INTEGRATED RESOURCE PLAN

WHEREAS, the Colorado General Assembly passed S.B. 19-236 and H.B.19-1261 which recognize that it is a matter of statewide importance to promote the development of cost-effective clean energy and new technologies and reduce the carbon dioxide emissions from the Colorado electric generating system; and

WHEREAS, S.B. 19-236 defined a "Clean Energy Plan" in part as a plan filed by a qualifying retail utility as part of its electric resource plan to reduce the qualifying retail utility's carbon dioxide emissions associated with electricity sales to the qualifying retail utility's electricity customers by eighty percent from 2005 levels by 2030; and

WHEREAS, S.B. 19-236 stated that a municipal utility (which is not classified as a qualifying retail utility) may voluntarily file a Clean Energy Plan by July 1, 2022; and

WHEREAS, H.B. 19-1261 provided that the Colorado Air Quality Control Commission (AQCC) shall not mandate any further emissions reductions by 2030 than are required under an approved Clean Energy Plan, or impose any direct, non-administrative cost on the public utility directly associated with quantities of greenhouse gas emissions caused by the utility's Colorado retail electricity sales that remain after the reductions are achieved and the Colorado Air Pollution Control Division (APCD) has verified those reductions; and

WHEREAS, the Colorado General Assembly also adopted H.B. 21-1266, which established additional procedural steps for filing a voluntary Clean Energy Plan; and

WHEREAS, Colorado Springs Utilities, an enterprise of the City of Colorado Springs, Colorado, a Colorado home rule city and municipal corporation (Utilities) provides electric service to its ratepayers; and

WHEREAS, Utilities considered the requirements of S.B. 19-236 and H.B. 19-1261 in developing its Electric Integrated Resource Planning process, which such process concluded with the approval by the Utilities Board of Directors of Utilities' current Electric Integrated Resource Plan on June 26, 2020; and

WHEREAS, though Utilities' Electric Integrated Resource Plan establishes Utilities' expected plan and strategy for its energy resource mix, Utilities' actual energy mix is the product of and takes into consideration a variety of factors including, but not limited to, legal and regulatory requirements (including required permits and related approvals), actual operational needs for resiliency and reliability, availability of energy resources (including non-carbon resources), and energy market conditions; and

WHEREAS, Utilities filed a written Notice of Intent to File a Clean Energy Plan with the Colorado Air Pollution Control Division (the “Division”) on August 1, 2021; and

WHEREAS, on December 17, 2021, Utilities filed its Clean Energy Plan Workbook with the Division including all information requested by the Division, so that the Division could evaluate and verify the emissions reductions claimed through the year 2030; and

WHEREAS, in April 2022, the Division issued to Utilities its Clean Energy Plan Verification Report; and

WHEREAS, pursuant to Resolution No. 22-02, the Utilities Board unanimously approved Utilities’ Final Verified Clean Energy Plan on May 18, 2022; and

WHEREAS, pursuant to Resolution No. 22-04, the Utilities Board further authorized and directed Utilities’ Chief Executive Officer (as already contemplated by the Colorado Springs City Code and Utilities Board policy governance and subject to Utilities’ need to ensure the safety, reliability, and resiliency of Utilities’ electric grid) to proceed with obtaining and implementing the energy resources needed to meet the emissions reductions contemplated in Utilities’ Clean Energy Plan and to make all modifications to such energy resources needed to ensure that Utilities’ Clean Energy Plan remains in the public interest; and

WHEREAS, due to actual operational needs for resiliency and reliability, availability of energy resources (including non-carbon resources), and energy market conditions, Utilities must obtain and implement energy resources that are materially different from the approved Electric Integrated Resource Plan; and

WHEREAS, Utilities has prepared an update to its approved 2020 Electric Integrated Resource Plan to address the need for material changes to the energy resources to be obtained and implemented to serve Utilities’ energy customers and to meet the emissions reductions contemplated in Utilities’ Clean Energy Plan; and

WHEREAS, the proposed update to the approved 2020 Electric Integrated Resource Plan has been vetted through a robust public process.

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

Section 1. The Colorado Springs Utilities Board of Directors hereby approves the update to the approved 2020 Electric Integrated Resource Plan and authorizes and directs Utilities’ Chief Executive Officer to proceed with implementing the update and to

make all modifications to such energy resources needed to ensure Utilities' Clean Energy Plan remains in the public interest.

Section 2. This Resolution shall take effect as of the date and time of its approval.

DATED at Colorado Springs, Colorado, this 21st day of June, 2023.

\_\_\_\_\_  
Dave Donelson, Utilities Board Chair

ATTEST:

\_\_\_\_\_  
Travas Deal, Secretary

RESOLUTION NO. 23-07

A RESOLUTION APPROVING THE METHODOLOGY FOR  
FULFILLING THE “CLEAN HEAT PLAN” REQUIREMENTS  
OF S.B. 21-264

WHEREAS, the Colorado General Assembly passed S.B. 21-264 (the Bill) which recognizes that to achieve Colorado’s science-based greenhouse gas emission reduction goals, Colorado must reduce this pollution from all sectors of the economy, including the built environment; and

WHEREAS, the Bill focuses on the significant sources of greenhouse gas pollution that come from the use of natural gas to heat space and water in Colorado’s homes and businesses, the use of natural gas in commercial and industrial processes, and gas leaks in the distribution system; and

WHEREAS, Colorado Springs Utilities (Utilities), an enterprise of the City of Colorado Springs, Colorado, which is a Colorado home rule city and municipal corporation, distributes natural gas to more than ninety thousand customers and as such is a “municipal gas distribution utility” under the Bill; and

WHEREAS, the Bill requires a municipal gas distribution utility to implement a Clean Heat Plan and it further requires a municipal gas distribution utility to submit its Clean Heat Plan to the Air Pollution Control Division (Division) of the Colorado Department of Public Health and Environment for verification by August 1, 2023; and

WHEREAS, the Bill defines a “Clean Heat Plan” in part as a plan submitted by a gas distribution utility or municipal gas distribution utility that demonstrates projected reductions in methane and carbon dioxide emissions that, together, meet the required reductions targets, with the lowest reasonable expenditure; and

WHEREAS, the Bill’s target greenhouse gas reductions are for Utilities to achieve a 4% reduction below 2015 levels by 2025 and a 22% reduction below 2015 levels by 2030; and

WHEREAS, the Bill provides a cost cap for achieving those reductions at 2% of the total revenue from full-service gas customers for the 2025 target and at 2.5% of the total revenue from full service gas customers for the 2030 target; and

WHEREAS, Utilities reviewed the Bill’s requirements, analyzed clean heat resources, and developed two portfolios of resources applying two different methodologies that fulfill the Bill’s requirements: one that applies the cost cap and one that does not apply the cost cap; and

WHEREAS, Utilities has engaged in a robust public process to solicit feedback from ratepayers and other stakeholders regarding Utilities' proposed Clean Heat Plan and the two methodologies considered to create the proposed Clean Heat Plan portfolio; and

WHEREAS, the Utilities Board has reviewed the methodologies and the proposed Clean Heat Plan portfolios based on the two methodologies; and

WHEREAS, the methodology that does not apply a cost cap would result in significant increased costs to Utilities' ratepayers.

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

Section 1. The Colorado Springs Utilities Board of Directors hereby approves the methodology used to create a portfolio which fulfills the requirements of the Bill and applies the cost cap, based on the 2015 emission and revenue baseline. The Utilities Board acknowledges that it is within the Utilities Chief Executive Officer's authority to implement the Clean Heat Plan, which incorporates the cost cap methodology.

Section 2. This Resolution shall take effect as of the date and time of its approval.

DATED at Colorado Springs, Colorado, this 21st day of June, 2023.

\_\_\_\_\_  
Dave Donelson, Utilities Board Chair

ATTEST:

\_\_\_\_\_  
Travas Deal, Secretary