

AGENDA
Wednesday, September 28, 2022
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,,349214463#](#)

1:00 p.m.	1. Call to Order	Chair Wayne Williams	
1:05 p.m.	2. Invocation and Pledge of Allegiance		
1:10 p.m.	3. Consent Calendar These items will be acted upon as a whole, unless a specific item is called for discussion by a Board Member or a citizen wishing to address the Utilities Board. (Any items called up for separate consideration shall be acted upon following Compliance Reports.)	Chair Wayne Williams	
	3a. Approval of Minutes: August 12, 2022 Workshop 3b. Approval of Minutes: August 17, 2022 Utilities Board Meeting 3c. Re-Appointment of Hilary Dussing to the Utilities Policy Advisory Committee (UPAC)	Chair Wayne Williams	Approval
1:15 p.m.	4. Recognition: <ul style="list-style-type: none"> • 2022 Whack Dam It Golf Tournament in support of Project COPE • A Resolution of Appreciation for the Martin Drake Power Plant Employees • A Resolution Honoring the Memory of Utilities Policy Advisory Committee (UPAC) Member Rex Adams 		Information
1:25 p.m.	5. Customer Comments <ul style="list-style-type: none"> • During the customer comment period, comments are accepted for any topic not on the agenda. • Comments for specific agenda items will be taken following the presentation of the item and the Board's discussion. 	Chair Wayne Williams	Information

- **Comments will be limited to three minutes per speaker, per item.**
- **Following the comments from customers that have signed up to speak, an announcement will be made seeking additional comments and the Board will accept all those wishing to comment.**

1:35 p.m.	6.	<p>Compliance Reports: I-7 Water Supply Management</p> <p>I-9 Treatment of Customers and Customer Information</p> <p>ER:1-3 Utilities Board Expected Results – Mid-Year Scorecard and CEO Performance Results G-4</p> <p>E-2 CEO Responsibilities</p> <ul style="list-style-type: none"> • Water Outlook • ECA/GCA Monitoring • Preparation to Customers on Natural Gas Market Volatility 	Aram Benyamin, Chief Executive Officer	Monitoring
1:45 p.m.	7.	Items Called Off Consent Calendar		
1:50 p.m.	8.	Electric and Gas Cost Adjustment Guideline Revisions	Scott Shirola, Pricing and Rates Manager	Approval
2:10 p.m.	9.	Utilities Policy Advisory Committee (UPAC) Cost Recovery Mechanisms Assignment Draft Scope	Tristan Gearhart, Chief Planning & Finance Office	Approval
2:20 p.m.	10.	Bent County Intergovernmental Agreement (IGA)	Pat Wells, Interim Resource and Infrastructure Planning General Manager	Discussion
			Abigail Ortega, Water Resources Mgt. Manager	

2:40 p.m.	11. Resolutions Approving Water Rights Acquisitions	Abigail Ortega, Water Resources Mgt. Manager	Discussion
		Michael J. Gustafson, City Senior Attorney - Utilities Division	
3:00 p.m.	12. Fountain Valley Authority Agreement for Short Term Water Service	Lisa Barbato, Chief Systems Planning and Projects Officer	Approval
		Abigail Ortega, Water Resources Mgt. Manager	
3:20 p.m.	13. Proposed Annexation-Related City Code Changes	Renee Congdon, Corporate Division Chief – Office of the City Attorney	Discussion
3:40 p.m.	14. Board Member Updates	Board of Directors	Information
3:50 p.m.	15. Executive Session In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(f) and Utilities Board Bylaw Rules 10(c)(6), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session. The issue to be discussed is the 2022 mid-year performance review of the Chief Executive Officer.	Bethany Burgess, Division Chief – Utilities, Office of the City Attorney	

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.

**4:50
p.m.**

16. Adjournment

Chair Wayne
Williams

MINUTES
Colorado Springs Utilities Board Workshop
Friday, Aug. 12, 2022

Utilities Board members present via Microsoft Teams or City Hall Chambers: Chair Wayne Williams, Dave Donelson, Randy Helms, Vice Chair Mike O'Malley, Bill Murray, Stephannie Fortune, Nancy Henjum, Yolanda Avila and Tom Strand

Staff members present via Microsoft Teams or City Hall Chambers: Aram Benyamin, Natalie Watts, Andie Buhl, Monica Indrebo, Al Wells, Bethany Schoemer, Kerry Baugh, Tara McGowan, Kim Gortz, Lisa Barbato, Pat Wells, Joe Awad, Jason Rigler, Jennifer Franceschelli, Maria Pastore, Jessica Rheinschmidt, Jane Zook, Amy Trinidad, Birgit Landin, Dale Adams, Jason Green, Matthew Thieme, Michael Hemsath, Rachel Knobbs, Scott Lorenz, Ted Skroback, Thad Clardy, Tyler Benton, Patricia Marlow, Natalie Eckhart, Abigail Ortega, David Longerie, Katie Claire, Cindy Speeck, Justin Fecteau, Scott Shirola, Kia Wilson, Renee Adams and Danielle Nieves

City of Colorado Springs staff members present via Microsoft Teams or City Hall Chambers: Bethany Burgess, Jeff Greene, Alexander Ryden and Peter Wysocki

Citizens Present: Kerby Smith, John Almy, Steven Smith, Jack Briggs, Jennifer Cecil, James McMurray, Lisa O'Boyle, Page Saulsbury and Tamara Estes

1. Call to Order

Chair Wayne Williams called the Utilities Board workshop to order at 1:00 p.m. and Ms. Monica Indrebo, Strategic Planning and Governance Administrative Specialist, called the roll.

2. Growth and Annexation Utilities Board Workshop

a. Objective 1

Ms. Lisa Barbato, Chief System Planning and Projects Officer, introduced the annexation workshop and planning for growth for utility needs. She said the workshop intends to educate Board Members on resource and infrastructure planning process, service territories, potential impacts and cost recovery mechanisms. This workshop will discuss planning considerations and tradeoffs, utilities considerations when planning for growth and economic considerations. Lastly, the workshop will address next steps for the proposed City Code revisions, cost recovery engagement and integrated resource planning.

Ms. Kim Gortz, Water Resource Planning Supervisor, described the workshop goals and introduced the annexation timeline that started in 2006 with the City Annexation Plan. The City Annexation Plan set the current boundary with focus on enclaves. In

2019, *PlanCOS* was created to embody a comprehensive plan that set the vision for Colorado Springs. Beginning in 2021 and continuing today, the *AnnexCOS* draft is being created to address how Colorado Springs will expand to meet the vision set in *PlanCOS*.

In the Fall of 2022, *ReToolCOS*, was created as a rewrite of Chapter 7 to include code changes needed to support the *PlanCOS* and *AnnexCOS* vision. For future trajectory, Colorado Springs Utilities considerations include City Code and planning documents as the foundation for utilities planning.

Mr. Peter Wysocki, Director of Planning and Community Development from the City of Colorado Springs, introduced the annexations from a city planning perspective and reviewed how the City and Pikes Peak region continue to grow with data recorded between the 1970's and 2010's that shows both population and residential construction growth.

Available land for development was discussed including hill side overlays, stream side overlays and other constrained areas that are included in the available land development calculation. The infill boundary map was explained, and Mr. Wysocki noted that a few newer developments have not been included within the red line of the infill boundary map; these areas are located north of Research Parkway and east of Powers Boulevard. In addition to the City's comprehensive plan, *PlanCOS*, the County's master plan, *Your El Paso*, identifies areas of possible annexations for urban-level development.

Mr. Wysocki provided the City's annexation process equation and explained the annexation process is largely defined by state statues. He said the workshop will focus on an example of annexation through a voluntary petition with concurrence of 100% of owners for annexations to describe the process. The six general steps for the City's annexation process begin with the initial petition expressing intent to annex that is filed with the City Clerk.

After submittal, the City reviews the formal application, approves it, and authorizes formal filing of the application to begin the engagement of various city departments and agencies to create the draft annexation agreement. Then the agreement must go through a Planning Commission hearing and recommendation to City Council. At City Council the agreement is set for a public hearing, the hearing takes place, and it moves forward to the final action. In the final action, the annexation plan is recorded with the City Clerk.

Mr. Wysocki reviewed the City Code on conditions for annexation, which address not only general city improvements but also utility improvements. He further explained the City/County IGA, which is intended to improve coordination between the city, county and Colorado Springs Utilities in a practical manner on annexations.

In conclusion, Mr. Wysocki reviewed the final goals for good development, which include the availability of utility resources, capital improvements, long term availability of utilities, and the ability to provide all City services as required by state statute.

Ms. Gortz summarized the list of considerations when addressing annexation, such as available water surplus, water and/or wastewater facilities expected to be sufficient for the projected needs, utility extensions, groundwater transfer and rights of way and easements.

For additional annexation considerations, four service utilities can impact capacity to serve existing and future customers, the foreseeable future versus the planning horizon, policies around first come first serve for water, and performance criteria – levels of service and risk management for reliable, long term sustainable service. Additionally, the cost of annexation must be considered with all four services for utilities in regards to resources, infrastructure, service territory impacts, cost recovery and sustainable capacity to support the annexation.

After Ms. Gortz's presentation, the meeting recessed at 2:26 p.m. and resumed at 2:35 p.m.

b. Objective 2

The Workshop then moved into the breakout session portion. The breakout sessions provided foundational information on utilities four service considerations for annexations. They were not intended to evaluate a specific case or situation.

The breakout session addressed three topics. The first topic was planning factors and horizons.

On this topic, population growth does not always equal demand. Demand is influenced and calculated from multiple factors and risk criteria is used to “buffer” against uncertainty. Planning horizons are used to determine when to develop resources to meet anticipated demand and mitigate risk. The balance between demand of available resources and surplus is established by service criteria, how it can be met and adjusted year to year while also maintaining a buffer.

The second topic was service territory considerations. Regulations govern what happens when one service provider wants to provide service in the service territory of another service provider. This requires resolution with the impacted service provider and just compensation may be required.

The last topic covered in the breakout session was cost of service and recovery mechanisms. Springs Utilities plans infrastructure to reliably meet peak load for existing and future growth. They currently recover costs through several different mechanisms and growth is a driver for resource and infrastructure investments.

Additionally, Colorado Springs Utilities needs to determine when and how forecasted capital investments should be included in cost recovery mechanisms.

The Breakout Sessions ended at 3:30 p.m. and there was a 15-minute break until 3:45 p.m.

c. Next Steps

Ms. Gortz wrapped up the workshop with next steps, which includes the following: stakeholder and community input regarding proposed annexation policies and consideration and adoption of *AnnexCOS*.

Proposed changes to City Code include review at future Utilities Board meetings and consideration of City Code revisions to follow *RetoolCOS*. Cost recovery review includes the plan to discuss growth related cost recovery as part of the 2024 Rate Case. Finally, integrated resource planning includes additional policy discussion and evaluation as identified.

Board Member Donelson thanked staff for preparing this workshop and for the helpful information on accommodating future growth.

Chair Williams thanked Colorado Springs Utilities Chief Executive Officer, Mr. Aram Benyamin, and Ms. Barbato for highlighting their team, and requested an after-action report to summarize the various questions that arose in the different breakout sessions. Chair Williams also thanked the public for attending.

3. Adjournment

The meeting adjourned at 4:44 p.m.

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, Aug. 17, 2022

Utilities Board members present via Microsoft Teams or Blue River Conference Room:
Chair Wayne Williams, Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Bill Murray, Stephannie Fortune, Nancy Henjum, Tom Strand and Yolanda Avila

Staff members present via Microsoft Teams or Blue River Conference Room: Aram Benyamin, Tristan Gearhart, Mike Francolino, Lisa Barbato, Scott Shirola, John Hunter, Al Wells, Andie Buhl, Natalie Watts, Kalsoum Abbasi, Erin Duran, Chris Welch, Jason Rigler and Michael Hemesath

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Bethany Burgess, Alex Ryden, Chris Bidlack, Jeff Greene, Jackie Rowland, Ben Bolinger, Sally Barber, and Victoria Classen

Citizens present via Microsoft Teams or Blue River Conference Room: Reverend Jonathan Kern and Mary Shinn

1. Call to Order

Chair Wayne Williams called the Utilities Board meeting to order at 1:01 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Reverend Jonathan Kern with Immanuel Lutheran Church delivered the invocation and Chair Williams led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Minutes: July 20, 2022

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

4. Recognition

National Preparedness Month

Mr. Aram Benyamin, Chief Executive Officer, introduced Ms. Erin Duran, Emergency Management Program Manager, and Ms. Tobi Blanchard, Senior Emergency Management Specialist, and thanked them for their hard work and commitment to the organization. He said September is National Preparedness Month and the fourth week in August will be Emergency Preparedness Week at Springs Utilities.

Ms. Duran appreciated the recognition and explained how she and Ms. Blanchard are leading trainings for staff so the organization can better respond to emergencies.

Board Member Fortune also thanked Ms. Duran and Ms. Blanchard for their hard work.

5. Customer Comments

None

6. Compliance Reports

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

- I-2 Financial Condition and Activities (to include Contracts Over \$500K**) G-7 – Q2
- I-4 Risk Management
- I-8 Asset Protection
- I-14 Enterprise Innovation
- E-2 CEO Responsibilities
 - ECA/GCA Monitoring
 - Water Outlook

Ms. Kalsoum Abbasi, Water Conveyance Planning Supervisor, provided an overview of the U.S. Drought Monitor map as of Aug. 9, 2022, which shows moderate to severe drought conditions across much of Colorado, but with continued improvement in portions of central and southern Colorado. She said Colorado's western slope watersheds, the source of over half of Colorado Springs' water supply, primarily shows moderate drought conditions.

Ms. Abbasi explained a 2022 actual consumption graph that shows the effect of variable weather patterns on water use. She said the total year-to-date consumption was 14.5 billion gallons; and the three-year average through Aug. 14 is 14.5 billion gallons. Ms. Abbasi also said the Colorado Springs' system-wide storage is about 205,500 acre-feet, or 79.4% of capacity. She explained how this is above the shorter-term (2001-2021) average of 76.3% for this time of year.

Ms. Abbasi provided updates about the Colorado River. She said on Aug. 16, 2022, the U.S. Bureau of Reclamation (USBR) announced cutbacks to Nevada, Arizona, and Mexico to follow the protocol in the Interim Guidelines that have been used to manage Lake Powell and Lake Mead releases since 2007. She said these cuts are based on the projected level of Lake Mead on Jan. 1, 2023. Ms. Abbasi said the release from Lake Powell is expected to be reduced to 7 million acre-feet, again based on its projected level on Jan. 1. She said there were no additional cutbacks mandated and the total cuts do not equal the 2-4 million acre-feet that USBR had requested the states find back in June. She further explained how the agency stated that they will

continue to assess the need for additional responsive actions or changes to operations and this could include additional releases from upstream reservoirs to boost storage in Lake Powell. Ms. Abbasi said staff is continuing to monitor the situation to see if any further actions requiring a response from Springs Utilities develops in the near term, and are continuing contingency planning to diversify the water supply and boost conservation by customers.

7. Items Called Off Consent Calendar

None

8. Proposed Changes to Utilities Policy Advisory Committee (UPAC) Bylaws – motion and second

Ms. Natalie Watts, Strategic Planning and Governance Manager, explained how the bylaws state that any changes to them must be approved by the Utilities Board. She reviewed suggested changes to the UPAC bylaws.

Board Member Strand moved approval of the UPAC bylaw changes and Board Member Helms seconded the motion. Proposed changes to the UPAC bylaws were unanimously approved.

9. Proposed Changes to Utilities Board Bylaws – motion and second

Ms. Watts explained how the bylaws state that any changes to them must be approved by the Utilities Board. She reviewed suggested changes to the Utilities Board bylaws.

Board Member Strand moved approval of the Utilities Board bylaws and Board Member Helms seconded the motion. Proposed changes to the Utilities Board bylaws were unanimously approved.

10. 2023 Budget and Rate Case

2023 Preliminary Budget

Mr. John Hunter, Financial Planning and Risk Manager, said the proposed 2023 budget consists of financial metrics, rate adjustments and proposed expenditures – all of which need to be responsibly balanced. He reviewed the 2023 funding appropriations and explained the budget summary by line item:

- Capital Projects (26.4% of proposed appropriation)
 - Debt funding – 41.7%
 - Largest capital portfolio expenditures:
 - Operational Fiber Network: \$78.8 million
 - Sustainable Energy Plan (SEP): \$31.1 million
 - Advanced Metering Infrastructure (AMI): \$29.1 million
 - Central Substation: \$15.2 million
 - New Generation: \$12.8 million

Mr. Hunter explained that the increased cost scenario represents one standard deviation (68%) in fuel prices for 2023 and given the volatility in the current fuel market added to the low forecast for July, this helps cover the need for a supplemental appropriation. He also reviewed the forecasted gas prices last heating season.

Mr. Hunter reviewed a chart that demonstrates an example of natural gas price volatility. He said November 2021 through March 2022 heating season, the forecasted natural gas prices increased with each monthly forecast update.

- Operations & Maintenance (O&M) – Fuel (33.4% of appropriation)
 - Key drivers:
 - Increasing natural gas and coal costs
 - Generation Mix (Coal/Gas/Purchase Power)
- Operations & Maintenance (O&M) – Non-Fuel (24.3% of proposed appropriation)
 - Key drivers:
 - Labor & Benefits
 - Plant Outages & Maintenance
 - Fort Carson Intergovernmental Agreement
- Debt Service (13.5% of appropriation)
 - Key drivers:
 - 2021 new bond issue \$230.0 million, \$150.0 million in 2022
 - Principal and Interest (P&I) increase of existing debt
 - 53.1% bond funded capital program in 2021, 32.8% in 2022
- Total Labor and Benefits (including O&M and Capital)
 - 2023 proposed budget: \$274,277
 - 2022 approved budget: \$249,302
- Regular Base Pay (including O&M and Capital)
 - Key Drivers:
 - Salary Structure Adjustments - \$11.9 million
 - Pay Adjustments - \$3.4 million
 - New Positions - \$2.5 million
 - Fort Carson Intergovernmental Agreement - \$1.3 million

2023 Preliminary Rate Case Review

Mr. Scott Shirola, Pricing and Rates Manager, said the 2023 rate case filing is based on 2023 Sources and Uses Budget Ordinances, and explained the proposed changes for water and wastewater services:

- Water Service

- Rate drivers:
 - Inflationary increases in labor, benefits and system maintenance
 - Funding infrastructure investments
 - Advanced Metering Infrastructure (AMI) and Airport Highline projects
 - Water debt additions
- Total Water proposed revenue from rates is \$219.8 million
 - \$10.4 million higher than revenue under current rates
- Overall system increase - 5.0%

Mr. Shirola gave a cost analysis and rate design summary for water service by rate class. He reviewed each rate class and the percent revenue change. He also said the proposed revenue from rates is calculated using the rate design completed to collect the overall net revenue requirement. Mr. Shirola said the residential rates are designed to be consistent with rate design guidelines in support of water conservation, affordability and revenue stability. He also reviewed a sample water bill and additional water rate changes.

- Wastewater Service
 - Rate drivers:
 - Inflationary increases in labor, benefits and system maintenance
 - Funding infrastructure investments
 - Clear Springs Ranch Biogas and N. Monument Creek Interceptor projects
 - Total Wastewater proposed revenue from rates is \$73.6 million
 - \$2.8 million higher than revenue under current rates
 - Overall system increase - 4.0%

Mr. Shirola gave a cost analysis and rate design summary for wastewater service by rate class. He reviewed each rate class and the percent revenue change. He also said the proposed revenue from rates is calculated using the rate design completed to collect the overall net revenue requirement.

Mr. Shirola reviewed a sample total service bill with a proposed effective date of Jan. 1, 2023. He also explained changes to electric rate schedules – rate design and other tariffs:

Electric Rate Schedules – Rate Design

- Residential Service Time-of-Day (TOD) Option
 - Modification to on-peak and off-peak period definitions
 - On-Peak Periods: 4:00 p.m. – 8:00 p.m. Monday through Friday
 - Modification to seasonal definitions
 - Summer Period: June through September

- Adjustment to On-Peak and Off-Peak Access and Facilities Charges
- Commercial Service – General TOD Option
 - Adjustment to On-Peak and Off-Peak Access and Facilities Charges
- Green Power Service
 - Increase program availability from 7 million kWh per month to 12 million kWh per month
 - Modify pricing to reflect firm nature of service and transfer of Renewable Energy Credit (REC)
- Industrial Service - Interruptible
 - Addition of new interruptible rate schedule
 - Available to customers whose maximum demand exceeds 500 kW
 - Customers are subject to Springs Utilities' direct load control without notice
 - Interruptible credit based on Colorado Springs Utilities' avoided capacity cost
- Electric Vehicle (EV) Public Charging – TOD
 - Addition of new EV public charging rate schedule
 - On-Peak and Off-Peak TOD pricing for two levels of service:
 - Level II
 - Direct Current Fast Charging (DCFC)
 - Idle fees apply starting 15 minutes after charge is complete

Other Tariff Changes

- Electric Rate Schedules
 - Industrial Service – Large Power and Light (ELG)
 - Remove reference to ELG Supply Credit
 - Community Solar Garden Bill Credit Pilot Program
 - Broaden the availability currently limited to residential customers to include non-profit organizations
- Natural Gas Rate Schedules
 - Industrial Service and Contract Service – Military Interruptible
 - Addition of provisions allowing waiver of Overrun Charges
 - Removal of exemption from backup fuel supply for warm weather process loads
 - Lengthen customer termination notice from 30 to 60 days
- Water Rate Schedules
 - Contract Service – Regional
 - Addition of Standby Service for customers requiring temporary service
- Electric, Natural Gas, Water and Wastewater Rate Schedules
 - Rate Option Contracts
 - Modifications to standardize contract expiration and renewal dates
 - Other administrative corrections
- Utilities Rules and Regulations (URR)

- Account Access
 - Addition of provisions allowing Springs Utilities to provide information to authorized agencies
- Water and Wastewater Oversize Recovery
 - Modification of capacity determinations and elimination of Large Main Extension Fund 25% upfront requirement
- Water Regional System Availability Fee (WRSAF)
 - Addition of Standby Service WRSAF
- Open Access Transmission Tariff (OATT)
 - Large Generator Interconnection Agreement and Procedures
 - Elimination of credit provisions related to network upgrades

Mr. Shirola concluded with next steps, and the Utilities Board unanimously agreed to put this item on Consent at City Council.

11. Executive Session

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

In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(a), (b), and (e) and Utilities Board Bylaw Rules 10(c)(1), (2), and (5), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session. The issue to be discussed involves the purchase and acquisition of an interest in real property, conferences with the City Attorney’s Office for the purpose of receiving legal advice on specific legal questions, and instructing negotiators.

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

Ms. Burgess polled the Utilities Board and they voted unanimously to enter Executive Session.

The Utilities Board took a break at 3:27 p.m. and entered Executive Session at 3:40 p.m.

The Utilities Board ended Executive Session at 3:49 p.m.

12. Board Member Updates

Board Member Donelson thanked Springs Utilities employees for their excellent service over the last few months.

Board Member Fortune praised staff for coordinating the Utilities Board tour of Clear Springs Ranch.

Board Member Strand thanked local restaurants for donating profits to El Paso County Deputy Andrew Peery's family. He also reminded and encouraged all Board Members to attend the City Planning Commission meeting on Friday, Aug. 19, 2022.

Board Member Henjum thanked staff for coordinating and facilitating the Utilities Board workshop: Future Utilities Infrastructure Build Out Plans and Funding Sources. She also thanked Springs Utilities staff for streamlining communication processes.

Board Member Helms expressed concerns about the potential for ratepayers to push back once rates increase in the fall.

Chair Williams thanked everyone from both Springs Utilities and the City who helped with the Utilities Board workshop last week.

13. Adjournment

The meeting adjourned at 3:52 p.m.

Board Memo Agenda Item

Staff Report

Date: September 28, 2022
To: Utilities Board
From: Aram Benyamin, Chief Executive Officer
Subject: Re-Appointment of Hilary Dussing to the Utilities Policy Advisory Committee (UPAC)

NARRATIVE:

Desired Action: Approval

Executive Summary: Hilary Dussing was appointed as a regular member of the Utilities Policy Advisory Committee (UPAC) by the Utilities Board effective June 1, 2021. Ms. Dussing is eligible and willing to serve a three-year term.

All regular members typically begin with one, three-year term. The member may be reappointed by the Utilities Board for up to two additional three-year terms. No member may consecutively serve more than three, three-year terms. Vacancies will be filled for the unexpired term by Utilities Board appointment.

Ms. Dussing's 16-month term (June 2021-September 2022) that resulted from filling a vacancy does not count against her ability to serve three, three-year terms because it was less than half a term.

Benefits: Ms. Dussing's effective contribution to UPAC's work can continue.

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: Utilities Board members and Utilities Policy Advisory Committee members

Alternatives: If Ms. Dussing is not re-appointed, the Utilities Board would need to start a recruitment effort to fill her position.

Submitter: Kerry Baugh

Email address: kbaugh@csu.org

Division/ Customer and Enterprise Services/

Phone number: 719-668-3810

Department: Public Affairs Department

Date submitted: Sept. 20, 2022

SPG Staff Use Only: Consent Calendar Yes

No

ITEM NO. 3

RESOLUTION NO. 22-05

**A RESOLUTION OF THE COLORADO SPRINGS
UTILITIES BOARD REAPPOINTING HILARY DUSSING
AS A REGULAR COMMITTEE MEMBER OF THE UTILITIES
POLICY ADVISORY COMMITTEE (UPAC)
EXPIRING SEPTEMBER 30, 2025**

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

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

WHEREAS, the Bylaws of UPAC contain rules regarding terms of committee membership eligibility; and

WHEREAS, Hilary Dussing has been a regular committee member of the UPAC since June 1, 2021; and

WHEREAS, Hilary Dussing is eligible and willing to accept reappointment for a three-year term.

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

Hilary Dussing is hereby reappointed as a regular committee member of the Utilities Policy Advisory Committee with her term expiring September 30, 2025.

Dated at Colorado Springs, Colorado this 28th day of September, 2022.

BY _____
Wayne Williams, Chair of the Utilities Board

ATTEST:

Aram Benyamin, Secretary

Board Memo Agenda Item

Staff Report

Date: September 28, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: 2022 Whack Dam It Golf Tournament in Support of Project COPE

NARRATIVE:

Desired Action: Information

Executive Summary: The Water Distribution, Collection and Treatment Department (DCT) hosted the 8th annual Whack Dam It golf tournament on July 15, 2022. The tournament started in 2013 as an after-hours team-building event. Since 2015, the tournament has dedicated all proceeds to the utilities customer assistance program, Project COPE (Citizens' Option to Provide Energy).

The July 15, 2022 event was sold out and will yield a record-breaking contribution to Project COPE in the amount of \$19,000. This donation will be fully matched by Colorado Springs Utilities.

The Whack Dam It golf committee will present a check to Colorado Springs Utilities Foundation for Project COPE.

Benefits: Support for Project COPE – utilities assistance for struggling customers.

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: N/A

Alternatives: N/A

Submitter: April Speake	Email address: aspeake@csu.org
Division/ Department: Community Relations Public Affairs	Phone number: 719-668-3836
	Date submitted: August 30, 2022

SPG Staff Use Only: Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	X	No	ITEM NO. 4
---	--------------------------	-----	-------------------------------------	---	----	-------------------

Board Memo Agenda Item

Staff Report

Date: September 28, 2022
To: Utilities Board
From: Aram Benyamin, Chief Executive Officer
Subject: A Resolution of Appreciation for the Martin Drake Power Plant Employees

NARRATIVE:

Desired Action: Information

Executive Summary: Colorado Springs Utilities' staff will be presenting a resolution of appreciation to the Utilities Board for the Martin Drake Power Plant and the generations of employees who have worked there.

On Sept. 1, 2022, all electric generation inside the Martin Drake Power Plant was permanently shut down, marking the official end of an era for downtown Colorado Springs.

For 97 years, the plant provided reliable and cost-effective power that enabled our city to grow and prosper.

Benefits: The Martin Drake Power Plant has benefited the Colorado Springs community and the reliability and resiliency of our electric grid for nearly 100 years.

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: Colorado Springs Utilities employees, Utilities Board, Colorado Springs community.

Alternatives: N/A

Submitter: Steve Berry

Email address: sberry@csu.org

Division/ Customer and Enterprise Services/

Phone number: 719-668-3803

Department: Public Affairs Department

Date submitted: Sept. 9, 2022

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 4

RESOLUTION NO. 22-06

**A RESOLUTION OF APPRECIATION FOR THE MARTIN
DRAKE POWER PLANT**

WHEREAS, on September 1, 2022, all electric generation inside the Martin Drake Power Plant was permanently shut down, marking the official end of an era for downtown Colorado Springs.

WHEREAS, for decades, the plant provided reliable and cost-effective power that enabled our city to grow and prosper.

WHEREAS, the tremendous legacy of the Drake Power Plant only exists because of the generations of men and women who helped the plant operate as a fixture of reliability and efficiency for nearly a century.

WHEREAS, these dedicated public servants have played a major role in laying the foundation for the next 100 years of energy in Colorado Springs. They have helped define our legacy and it is that legacy that gives us confidence in our future.

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

We extend our sincere appreciation for all employees, past and present, who have operated and maintained the Martin Drake Power Plant and who have helped our city become what it is today. We recognize and acknowledge all the Drake Power Plant has meant to this community for the last 97 years as it served as a steadfast foundation for the Pikes Peak region.

DATED at Colorado Springs, Colorado, this 28th day of September 2022.

Wayne Williams, Utilities Board Chair

ATTEST:

Aram Benyamin, Secretary

Board Memo Agenda Item

Staff Report

Date: September 28, 2022
To: Utilities Board
From: Aram Benyamin, Chief Executive Officer
Subject: A Resolution Honoring the Memory of Utilities Policy Advisory Committee (UPAC) Member Rex Adams

NARRATIVE:

Desired Action: Approval

Executive Summary: The attached resolution is to honor the memory of, express appreciation for, and recognize the contributions of Rex Adams for his service to UPAC.

Mr. Adams was appointed to UPAC as an alternate member in June 2015 and subsequently appointed as a regular member since September 2016. During the over seven years Mr. Adams served on UPAC, he was Vice-Chair in 2017 and 2018 and Chair in 2019 and 2020.

We are forever grateful for his wisdom and guidance. Colorado Springs Utilities is better because of Mr. Adams's efforts.

Benefits: N/A

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: Utilities Board members, Utilities Policy Advisory Committee Members and residents of Colorado Springs.

Alternatives: N/A

Submitter: Kerry Baugh

Email address: kbaugh@csu.org

Division/ Customer and Enterprise Services/

Phone number: 719-668-3810

Department: Public Affairs Department

Date submitted: Sept. 20, 2022

SPG Staff Use Only: Consent Calendar

Yes

X

No

ITEM NO. 4

RESOLUTION NO. 22-07

**A RESOLUTION OF THE COLORADO SPRINGS UTILITIES BOARD
HONORING THE MEMORY OF
UTILITIES POLICY ADVISORY COMMITTEE MEMBER REX ADAMS**

- WHEREAS, Rex Adams was a valuable alternate and regular member of the Utilities Policy Advisory Committee (UPAC) since 2015; and
- WHEREAS, Mr. Adams served as UPAC’s Vice Chair in 2017 and 2018 and as Chair in 2019 and 2020; and
- WHEREAS, Mr. Adams brought to UPAC his many years of business experience, principally in the natural gas sector of the energy industry, to expertly lead several UPAC assignments and skillfully present UPAC’s recommendations at Utilities Board meetings; and
- WHEREAS, Mr. Adams consistently provided excellent leadership and demonstrated integrity and commitment to the success of UPAC; and
- WHEREAS, Mr. Adams’s ability to analyze assignment information and to summarize the various UPAC member and commenter positions into a succinct restatement often led to UPAC reaching a consensus recommendation; and
- WHEREAS, In his capacity as a UPAC member, Mr. Adams showed true commitment to Colorado Springs Utilities, its customers and stakeholders, Colorado Springs residents and other important constituencies by dedicating countless hours to working on assignments; and
- WHEREAS, Mr. Adams was a major contributor to the assignments conducted during his more than seven years as a UPAC member including: Economic Development; Integrated Infrastructure Funding Plan; Regional Collaboration; Affordable Housing; Urban Utilities Planning; Energy Vision; Electric and Gas Integrated Resource Plans; Enterprise Innovation; and Water Acquisition Funding; and,
- WHEREAS, Mr. Adams brought valued insight, experience, energy, passion and dedication in carrying out his responsibilities as a UPAC member, resulting in a positive effect on this community.

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

That the Utilities Board extends its appreciation and gratitude to Rex Adams for his faithful and outstanding service on the Utilities Policy Advisory Committee. We are better because of your efforts.

Dated at Colorado Springs, Colorado this 28th day of September, 2022.

By: _____
Wayne Williams, Utilities Board Chair

Attest: _____
Aram Benyamin, Secretary



Date: September 28, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Water Supply Management (I-7)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	August 1, 2021– July 31, 2022
Policy Title (Number):	Water Supply Management (I-7)	Reviewing Committee:	Strategic Planning
Monitoring Type:	Internal		
Monitoring Frequency:	Annual		

The Chief Executive Officer shall direct that new and existing water resources and systems are aggressively developed, protected and optimized to maintain and enhance water system sustainability and responsibly balance costs and risks to reliably meet the needs of current and future customers. Accordingly, the CEO shall¹:

- 1. Defend Colorado Springs Utilities’ water rights against claims and filings by others if these would in any way injure, hinder, or decrease Colorado Springs’ current or future yield or use.*

Colorado Springs Utilities protects Colorado Springs’ existing water resources vigorously against claims and filings by others by filing statements of opposition to water rights claims made in Colorado water courts that have the potential to impede, infringe upon, or decrease the yield from Colorado Springs’ decreed water rights. As of July 31, 2022, Colorado Springs Utilities is involved in 20 statement of opposition cases.

¹ I-7 was modified by the Utilities Board on July 30, 2022. Colorado Springs Utilities complied with both the previous and current iteration of the instruction during this reporting period.

2. *Conduct periodic evaluations of Colorado Springs Utilities' existing decreed water rights and take legal and administrative actions necessary to optimize the water system.*

Colorado Springs Utilities' staff engaged in the following activities to protect and optimize existing water resources during the reporting period:

- a. Participation in water court actions related to the protection and development of water rights.

As of July 31, 2022, Colorado Springs Utilities is a party in 30 water rights cases, consisting of three application cases, six diligence cases, and 20 statement of opposition cases.

During the reporting period, Colorado Springs Utilities filed three applications for reasonable diligence. The diligence applications were filed to make portions of some of its conditional water rights absolute while maintaining its remaining conditional portions of those rights during the reporting period. The first (Case No. 22CW3002) involves the exchange of fully consumable water stored in Pueblo Reservoir and/or Williams Creek Reservoir to the local water system. The second (Case No. 22CW3006) involves the exchange of fully consumable water released from Springs Utilities' wastewater treatment plants, stored in Pueblo Reservoir, the Rosemont System, South Slope System, Turquoise Reservoir, Twin Lakes Reservoir, Clear Creek Reservoir and/or Sugar Loaf Reservoir to any of those structures or the Otero Pump Station. The third (Case No. 22CW3023) involves the exchange of temporary use agreement water Colorado Springs Utilities has stored in Pueblo Reservoir or has available at the confluence of Fountain Creek and the Arkansas River to Turquoise Reservoir, Twin Lakes Reservoir the Otero Pump Station Intake and/or the Upper Homestake Pipeline.

- b. Development of conditional water rights.

Colorado Springs Utilities' staff is actively pursuing development of its remaining conditional water rights located on the Western Slope of Colorado. The primary means of protecting and developing these water rights is to complete the permitting and construction of the infrastructure needed to divert the water and place it to beneficial use. Two systems in the Colorado River Basin have conditional rights and undeveloped supply:

- i. Continental-Hoosier System - Staff continue to participate in settlement negotiations for the remaining conditional water rights and conducted planning studies, engineering, legal analysis and pre-permitting work regarding the development of these water rights and supply. Settlement negotiations are proceeding in a manner consistent with direction received from the Utilities Board. In addition, staff has continued working on permitting a project to fully

utilize the rights available under the Continental-Hoosier System and is currently meeting with the appropriate permitting agencies to develop a full and complete application that complies with federal, state and local requirements.

- ii. Eagle River Joint-Use Water Project - Staff participated in partnership discussions and conducted planning studies, engineering, legal analysis and pre-permitting work to support the development of these water rights and supply.
- c. Development of additional water supplies.
- i. Colorado Springs Utilities' staff performed engineering and legal work that facilitate the use of the water rights associated with shares in the Lower Arkansas Water Management Association (LAWMA) it acquired in 2018 and previous years, as well as temporary use waters acquired through separate agreements with the Super Ditch Company and LAWMA.

The Super Ditch Pilot Project will provide Colorado Springs Utilities up to 1,000 acre-feet (AF) of water in three of the next 10 years. The agreement with LAWMA will provide Colorado Springs Utilities approximately 2,000 AF of water in five of the next 10 years.

Colorado Springs Utilities also acquired 213 shares in the Fort Lyon Canal Company (FLCC) and the right to use an additional 298 FLCC shares in three out of every 10 years, which are anticipated to yield an average of 300 AF per year of supply.

Colorado Springs Utilities entered into a 10-year lease agreement with Pueblo Water that is expected to supply 2,000 acre-feet per year starting in 2023.

Staff continues to evaluate and pursue opportunities to acquire additional water supplies in the Arkansas, Colorado and South Platte River Basins.

- d. Development and use of Colorado Springs Utilities' exchange program.

Colorado Springs Utilities also operated its exchange program, which allows the utility to maximize the use of its reusable return flows by exchanging them for a like amount of water stored or diverted upstream of where the return flows accrue to the Arkansas River System (e.g., reusable return flows that accrue to the Arkansas River at its confluence with Fountain Creek can be exchanged or traded upstream for a like amount of water released from Pueblo Reservoir). The exchange program currently yields approximately 33,000 AF of water annually (about 1,500 AF of local exchange and about 31,500 AF of Arkansas River exchange) and is anticipated to yield up to 80,000 AF of water annually at full build out.

- e. Participation in regional, state and national programs, work groups and activities that may affect Colorado Springs' water resources.

Colorado Springs Utilities' staff attended, monitored and regularly participated in meetings and activities of regional, statewide and national interest concerning policies, regulations and activities that may affect Colorado Springs' water resources. Regional activities include ongoing discussions and coordination with regional water districts and other entities regarding potential service contracts.

Statewide and national activities include negotiations with large water providers and other interested parties regarding water and watershed projects and administration and monitoring of water issues on regional and national levels. Examples include participation by staff on the Arkansas, Colorado and South Platte River Basin Round Tables, the Interbasin Compact Committee, the Front Range Water Council, and the Arkansas Basin Regional Resource Planning Group (RRPG). Other examples include staff's participation in activities related to: (1) Interstate and intrastate negotiations relating to compliance with the Colorado River Compact and related agreements, (2) addressing issues related to Perfluorinated Compounds in regional water supplies, and (3) proposed legislation that could impact Colorado Springs Utilities' water supply development and operations.

- 3. *Provide a reliable water supply to existing and future customers, including requests for regional service contracts and annexations, by planning for, developing, and managing water resources and infrastructure in accordance with the following criteria:*
 - a. At all times maintain a minimum of one year of customer demand in water system storage.
 - b. Meet or exceed 90% reliability for maintaining a minimum of 1.5 years of customer demand in water system storage.
 - c. Conduct an evaluation of the need for water shortage response measures when water system storage is forecast to fall below 1.5 years of customer demand on or after April 1 of any year.

Colorado Springs Utilities' staff continually monitors stream flow, water demand and water system storage to ensure maximization of available water supply. As of July 31, 2022, Colorado Springs Utilities has nearly three years of unrestricted water demand in storage. Colorado Springs Utilities has maintained more than one year of customer demand in storage in every year during the 30-year period of 1992-2022. In addition, it has achieved 90% reliability for maintaining a minimum of 1.5 years of demand in storage during this period, with storage only dropping below 1.5 years of demand in three of the 30 years.

Colorado Springs was under mandatory watering restrictions in five years (2002-2005, and 2013) during this 30-year period to respond to and recover from drought and low storage conditions. Although water system storage is not expected to fall below 1.5 years of

demand in storage in 2022, Colorado Springs Utilities continues to evaluate and plan for implementation of drought response measures in 2022 and beyond based on the water outlook conditions that may exist in future years.

4. *Plan for and implement water efficiency and demand management measures to support and enhance water system reliability.*

In compliance with all Colorado Water Conservation Board (CWCB) guidelines, Colorado Springs Utilities filed an updated Water Efficiency Plan (WEP) with the CWCB in 2022. If implemented, this plan meets all CWCB statutory requirements through the implementation and management of planned programs and measures through June 2030.

Water efficiency and demand management programs implemented by Colorado Springs Utilities enhance water system reliability, defer the need date to bring additional water projects online, and are viewed by local, state and federal agencies and stakeholders as an expectation and prerequisite for municipal water providers to seek additional water supplies.

Since 2001, conservation programs have achieved measurable savings of more than 7,200 AF, which includes reaching the annual savings goal in our 2015 Water Use Efficiency Plan of 1,123 AF. To reach the goal of 11,000 – 13,000 AF of water savings defined in the IWRP, we must continue to address inefficient use and reduce demands through comprehensive conservation programming.

Saving water through demand reductions stretches our supplies. Colorado Springs Utilities' 2022 WEP is designed to reduce residential and systemwide usage rates by 2.5% between now and 2030; the identified programs could provide an estimated 2,191 acre-feet of water savings by 2030.

The activities outlined in this Plan will advance water efficiency by coupling broad-based foundational efforts, which establish wise water use, with targeted activities designed to address specific inefficiencies in use. Our core objectives address the most significant areas of inefficiency and maximize the value and health of the built landscape:

- a. Achieving widespread efficiency in residential indoor use, regardless of income, housing type or ownership.
- b. Meeting the increased need for resilient landscapes through programs that promote 12-16 inches of irrigation per season (compared to all-turf requirement of 24 inches).
- c. Supporting updates to the City's Commercial Landscape Code and Policy Manual to introduce limits on high water use turf grass, improve irrigation equipment standards and incorporate water needs in design requirements.
- d. Implementing water loss control measures to gain savings and optimize water distribution system investments and operations.

- e. Educating customers on personalized water use goals, which reflect their efficient use and needs for home, business and landscape.
5. Pursuant to City Code §§ 12.4.1301-12.4.1316 (Water Shortage), Colorado Springs Utilities has the authority to systematically manage water demand and conserve Colorado Springs' water supply through water waste prohibitions that are always in place (called Water-Wise Rules), and mandatory watering restrictions during water shortage.

Use Denver Basin groundwater in Colorado Springs Utilities' exclusive water service territory only for emergency supplemental supply, limited non-potable uses, aquifer storage and recovery, or periodic exercising of groundwater infrastructure for operation and maintenance purposes.

Colorado Springs Utilities does not allow the use of Denver Basin groundwater in its exclusive water service territory for purposes that violate this instruction, except for instances when specifically directed to do so by the Utilities Board and/or City Council. During the reporting period, Colorado Springs Utilities operated two Denver Basin wells on a limited basis for non-potable irrigation and provided for the use of a limited number of customer-owned and operated wells for non-potable water purposes through its groundwater augmentation program.

6. *Not develop or allow development of controlled ground water in the Dawson Aquifer in Colorado Springs Utilities' exclusive water-service territory.*

Colorado Springs Utilities legally controls a majority of the Dawson Aquifer groundwater within its exclusive water service territory. Colorado Springs Utilities has not developed or allowed development of groundwater that it controls in the Dawson Aquifer within the exclusive water service territory. There are some historical Dawson Aquifer wells on land previously annexed into the exclusive water service territory. Many of these wells are not subject to the control of Colorado Springs Utilities and the owners are legally entitled to continue operating the wells under existing well permits, decreed water rights, or both, to provide limited private water service.

7. *Not reserve Colorado Springs Utilities' water supplies, infrastructure, or capacity for any person, organization, property or development regardless of whether that entity is inside or outside the City limits or Colorado Springs Utilities' exclusive water service territory, except that the Utilities Board may evaluate and approve such a reservation to ensure that Colorado Springs Utilities can meet the reasonably anticipated water and wastewater demands of the Pikes Peak Region's military installations on a case by case basis.*

Colorado Springs Utilities has not reserved water supply, water and wastewater infrastructure, or water and wastewater capacity for any person, organization, property or development during this reporting period. Colorado Springs Utilities provides water service on a "first-come, first-serve" basis within City limits pursuant to City Code § 12.4.1001 (Denver Basin

Groundwater). Additionally, pursuant to City Code § 7.6.204 (Rights of the City), Colorado Springs Utilities does not allocate water to any particular parcel of land until such land is developed and water is applied to actual use upon such land. Colorado Springs Utilities only provides water and wastewater service pursuant to City Code §§ 7.6.201-7.6.210, 12.4.301-12.4.304, and 12.5.301-12.5.305.

8. *Only provide water and wastewater-related services including, but not limited to, water leases, storage, conveyance, or treatment (collectively referred to as “water related services”), outside Colorado Springs Utilities’ exclusive water service territory pursuant to regional service contracts that comply with City Code, the guidelines set forth in the Regional Water and Wastewater Service Management Plan (Plan), and other applicable Utilities Board approved policies or directives. Regional service contracts are also subject to the following requirements²:*
 - a. All regional service contracts must be approved by the Utilities Board. Colorado Springs Utilities may deny any service request, modify the type of service to be provided, request mitigation to offset water system impacts and risks, or impose terms and conditions on the provision of service necessary to offset impacts and risks.
 - b. Regional service contracts shall provide a net benefit to Colorado Springs Utilities and the City of Colorado Springs’ ratepayers, appropriately balancing costs and risks, and recognizing historic and planned investments.
 - c. For each contract requested, Colorado Springs Utilities will perform an evaluation of impacts to water system reliability, level of service, and water resources for new water and wastewater regional service per the Plan based on a 10-year planning horizon.
 - d. Regional service contracts for water-related services shall include a premium on rates that will benefit the City of Colorado Springs’ ratepayers and no more than 50% of such premium will be dedicated as surplus revenue, which may be appropriated to the general revenues of the City of Colorado Springs by the City Council in its Annual Budget and Appropriation Ordinance pursuant to the City Charter.
 - e. In accordance with the City Charter and City Code, regional service contracts shall not exceed a 25-year term limit.

Colorado Springs Utilities has not entered into any special contracts for water-related services that are inconsistent with this instruction during the reporting period. During this reporting period, Colorado Springs Utilities extended the term of its agreement for Short-Term Water Service with the Security Water District for the additional one-year period of Jan. 1, 2022 through Dec. 31, 2022 that can be renewed at the CEO’s discretion through Dec. 31, 2023. Colorado Springs Utilities also extended the term of its agreement

² Instruction 8 was modified by the Utilities Board on July 30, 2022. Colorado Springs Utilities complied with the previous iteration of the instruction during this reporting period.

for Short-Term Water Service with the Donala Water and Sanitation District for the additional one-year period of January 1, 2022 through Dec. 31, 2022. Finally, Colorado Springs Utilities entered into a short-term emergency service agreement with the Fountain Valley Authority (FVA) to provide treated water to their customers during a FVA system outage pursuant to Colorado Springs Utilities' Water Management Plan.

Colorado Springs Utilities is continuing to monitor its existing special contracts and is evaluating the potential of providing regional water or wastewater services for a number of existing municipalities, existing special districts, new special districts, and an enclave. The requests for service have included standby water service, convey, treat, and deliver water service, full-service water service and full service wastewater service. Any contracts resulting from these discussions will ensure benefit to Colorado Springs Utilities' ratepayers and citizen owners, contain terms and conditions consistent with this instruction, as revised on July 30, 2022, and will require approval from City Council.

In 2020, the Utilities Board directed Colorado Springs Utilities' staff to participate in regional water and wastewater collaborative efforts. As a result of the collaboration direction, staff participated in a Regional Reuse Study with the Pikes Peak Regional Water Authority that compared a wide range of potential reuse project configurations to determine which alternatives could optimize recapture of reuse water in the most cost-effective manner. The second phase of the study is expected to identify the most advantageous combination of projects that could be integrated with Colorado Springs Utilities' system and infrastructure development plans. The study will include lifecycle capital and O&M cost estimates for the best alternatives.



Date: September 28, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Treatment of Customers and Customer Information (I-9)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	August 1, 2021 – July 31, 2022
Policy Title (Number):	Treatment of Customers and Customer Information (I-9)	Reviewing Committee:	Strategic Planning
Monitoring Type:	Internal		
Monitoring Frequency:	Annual		

The Chief Executive Officer shall direct that customer interactions are safe, dignified and provide appropriate confidentiality or privacy for customers or those applying to be customers. Accordingly, the CEO shall:

- 1. Use application forms that elicit information for which there is clear necessity.*

Colorado Springs Utilities only collects information needed to perform our business functions. The information we collect is used to manage customers’ accounts and the billing process for energy and water services we provide. We also use it to communicate with customers, respond to their questions, provide customer support, improve our services and product offerings, protect against fraud and comply with legal requirements.

- 2. Use methods of collecting, reviewing, transmitting, or storing customer information that strive to protect against improper cyber or physical access to the material elicited.*

Customer information is safeguarded with a defense in depth strategy to protect the

privacy and security of sensitive information, which includes customer data. Defenses are implemented and configured through software, hardware, policy, contractual agreements, and physical access mechanisms and restricted to Colorado Springs Utilities employees and support staff who have an authorized business purpose.

3. *Comply with Colorado Springs Utilities Tariffs regarding treatment of customers.*

One of Colorado Springs Utilities' values is People; this is demonstrated by treating customers with dignity, respect and fairness. Consistent compliance with our Tariffs, including the Utilities Rules and Regulations, is one way we ensure we are treating our customers fairly.

4. *Maintain a procedure for accessible, fair, efficient and unbiased treatment of customer complaints regarding utility service or proposed utility service that provides for resolution at the lowest level through use of staff procedures, informal review through either Colorado Springs Utilities or a mediator, or formal appeal to a hearing officer.*

Complaints may arise from any issue involving utility services, and when complaints are received they are resolved in a timely and fair manner. In these situations, customers have the option to escalate the dispute through internal staff or further escalate the dispute through an informal review via Colorado Springs Utilities or the Better Business Bureau. Efforts are continually made to resolve customer issues through staff to minimize escalations.

If the complaint is not resolved through an informal review and a customer feels Colorado Springs Utilities violated their rights or is in violation of our Tariffs, he/she may participate in our Dispute Resolution Process as outlined in the Utilities Rules and Regulations on the Colorado Springs Utilities website.

5. *Inform customers of this policy and provide a grievance procedure to customers who believe they have not been accorded a reasonable interpretation of their rights.*

The Dispute Resolution Procedure is included in the Utilities Rules and Regulations and is published on Colorado Springs Utilities' website. In addition, staff notifies customers of the Dispute Resolution Procedure when working through escalated issues.

6. *Operate under written and maintained claims procedures that address fair treatment of claimants, legal liability, customer costs and sound business practices.*

The Municipal Government Risk Management Division adheres to its Functional Claim Handling and Processing Procedures Manual and a risk management service-level agreement with Colorado Springs Utilities.

7. *Maintain facilities that provide a reasonable level of security and privacy, both visual and aural.*

Colorado Springs Utilities recognizes the importance of providing facilities to meet the needs of customers. If customers wish to conduct Utilities business in person, they may schedule an appointment to visit the Utilities Customer Service Center (UCSC) at 111 S. Cascade Avenue. The UCSC is staffed with security personnel and is designed with individual stations to support customer privacy. For remote work, employees are expected to follow established information protection protocols.

8. *Inform customers about services offered.*

Our customers expect to receive from us timely, helpful information about their utility services. We provide them information about utility safety, energy and water efficiency, customer service and payment assistance programs and operations updates (e.g. major projects, construction advisories, service interruptions, emergency response).

We use a mix of media channels preferred by our customers. Channels include print and digital media, monthly bill package, direct mail, electronic publications, public meetings, community events and personal interaction with staff. We also work with local news outlets on a regular basis to inform our customers about services we offer.



Date: September 28, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: **Excellence in Governance - Utilities Board Expected Results (ER: 1-3) Mid-year 2022**

Desired Action: Monitoring

Compliance: Performance Measures: 3.27 = Meets Expectations
 Strategic Initiatives Evaluation: 4.13 = Exceeds Expectations
 CEO Leadership Competencies: 4.36 = Exceeds Expectations
 Overall Score: 3.90 = Exceeds Expectations

EXPECTATIONS			
Category:	Utilities Board/Chief Executive Officer Partnership Expectations	Reporting Timeframe:	As of June 30, 2022
Policy Title (Number):	Utilities Board Expected Results Balanced Scorecard (ER: 1-3)	Reviewing Committee:	Personnel
Monitoring Type:	Internal		
Monitoring Frequency:	Semi-annually		

The Utilities Board monitors achievement of organizational results through Utilities Board Expected Results. Measures and targets are approved in December for the following year.

The Board Expected Results elements are allocated as follows:

- 40% toward measures of the organization's performance in achieving enterprise strategic objectives. The performance measures result is 3.27 on a scale of 1 to 5.
- 10% based on the Utilities Board assessment of Strategic Initiatives. The Initiatives evaluation result is 4.13 on a scale of 1-5.
- 50% based on the Utilities Board assessment of CEO leadership competencies. The CEO leadership competencies result is 4.36 on a scale of 1 to 5.
- The overall Board Expected Results score is 3.90 on a scale of 1 to 5.

The overall rating is based on the scale below.

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

The Board Expected Results rating is derived from performance measures, strategic initiatives evaluation and CEO leadership competencies results outlined below.

2022 Colorado Springs Utilities Board Expected Results

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

Mid-year 2022

Perspective	Strategic Objective	Objective Status	Performance Measure	Current Result	Measure Status
Customer/Stakeholder	C1 Focus on the Customer	2	C1a Residential Customer Satisfaction	1.68	2
			C1b Business Customer Satisfaction	1.88	2
	C2 Provide Safe, Resilient and Quality Utility Services	4	C2a Electric System Average Interruption Duration Index (SAIDI)	43.48	4
			C2b Failures per 100 Miles of Natural Gas Pipe	2.77	4
			C2d Failures per 100 Miles of Water Pipe	11.44	3
			C2e Failures per 100 Miles of Wastewater Pipe	0.44	4
	C3 Support the Community	3	C3a Infrastructure Coordination with City	0.99	3
Financial Stewardship	FS1 Keep Bills Competitive	3	FS1a Residential Electric Service - Front Range Comparison	-1.13%	3
			FS1b Residential Natural Gas Service - Front Range Comparison	29.14%	1
			FS1c Residential Water Service - Front Range Comparison	14.10%	5
			FS1d Residential Wastewater Service - Front Range Comparison	-12.21%	5
			FS1e Small Commercial 4 Service Bill - Front Range Comparison	25.18%	1
			FS1f Large Commercial/Industrial 4 Service Bill - Front Range Comparison	24.18%	1
			FS1g Industrial Electric-Intensive Customer Bill-Front Range	-5.01%	2
	FS2 Build Financial Strength	4	FS2a Days Cash on Hand - Current Year	151	3
			FS2b Days Cash on Hand - 3 Year Average	170	4
			FS2c Adjusted Debt Service Coverage - Current Year	2.07	5
			FS2d Adjusted Debt Service Coverage - 3 Year Average	1.91	4
			FS2e Debt Ratio - Current Year	51.1%	3
			FS2f Debt Ratio - 3 Year Average	52.7%	3
			FS2g Bond Rating	Standard & Poors: AA+ Moody's Investors Service: Aa2 Fitch Ratings : AA	4
Internal Process	P2 Plan, Build, and Maintain Assets and Infrastructure	3	P2a Sustainable Energy Project Cost Performance Index (CPI)	1.00	3
			P2b Gas Distribution Integrity Management Program Construction and Operations Implementation	3.0	3
Foundational	F1 Attract, Develop and Retain an Engaged and Customer Focused Workforce	4	F1a Workforce Index	3.60	4
	F2 Ensure Employee, Contractor and Public Safety	5	F2a Safety: Occupational Injuries and Illnesses Rate	-58%	5
	F3 Demonstrate Environmental Stewardship	4	F3a Environmental Index	94	4
Performance Measures - 40%				Performance Measure Total:	3.27
Strategic Initiatives Assessment - 10%				Average Score	
				Technology Modernization	4.33
				Infrastructure Replacement	4.22
				Process Improvement	4.11
				Workforce Development	3.89
				Financial Accountability	4.11
				Initiative Assessment Total:	4.13
CEO Leadership Competencies - 50%				Average Score	
				Board Interaction	4.44
				Safety	4.33
				Leadership	4.22
				Balances Internal/External Stakeholders	4.22
				Cultivates Innovation and Strategic Mindset	4.56
				Competencies Total:	4.36
				Overall Score:	3.90

As of: 6/30/2022

2 C1a Customer Satisfaction - Residential

Measure Status: Partially Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Focus on the Customer

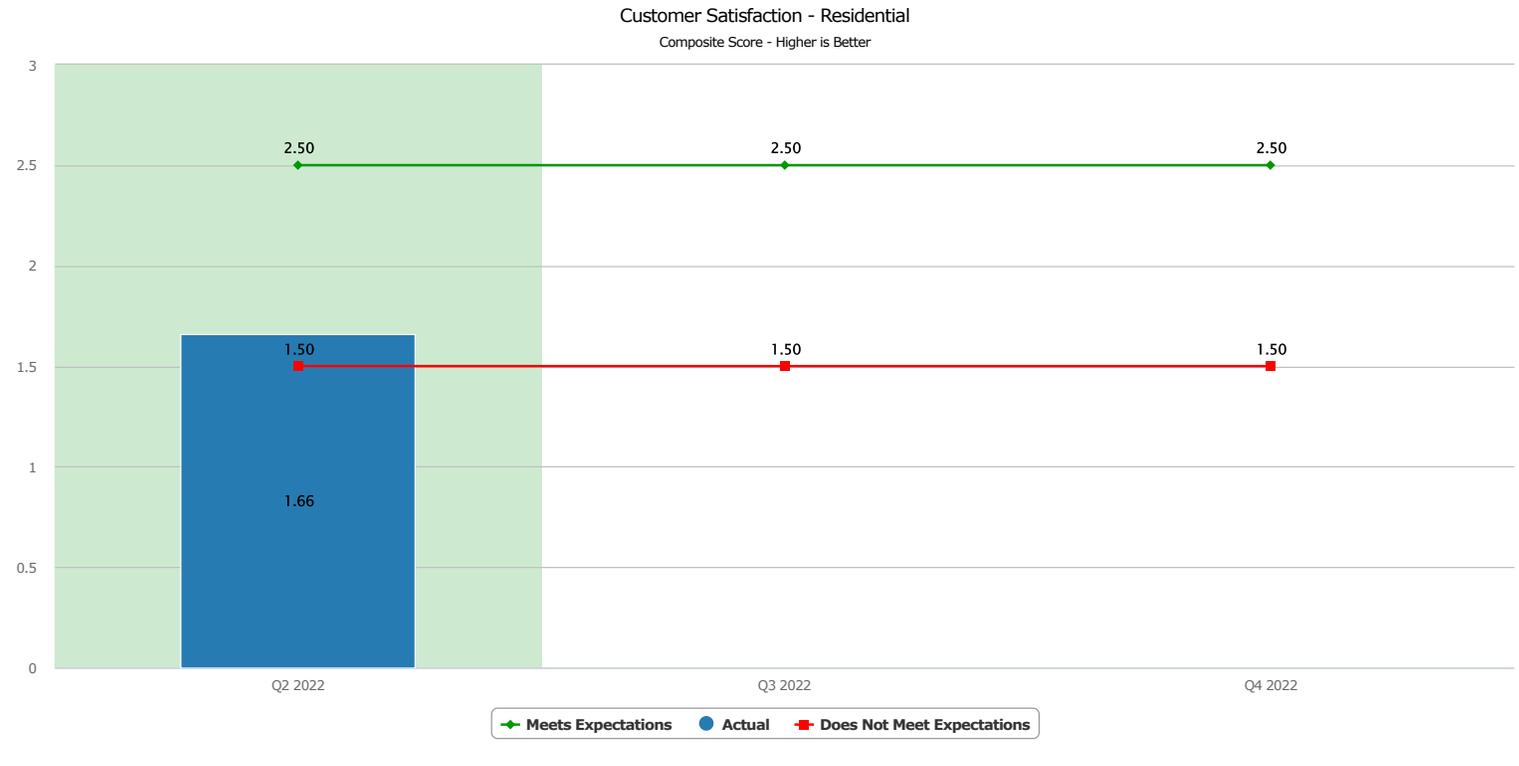
Reported as: Numerical rating to two decimals - Composite Score

Target range: 2.50 – 3.49 (composite score)

MEASURE PERFORMANCE

The mid-year 2022 result is 1.66.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- This new measure will be reported semi-annually. Results will be posted after Q2 and Q4 of 2022.
- The customer satisfaction index contains four major components:
 - National survey - Satisfaction rank - weight: 20%
 - National survey - Satisfaction rank improvement - weight: 20%
 - National survey - Customer effort (ease of interaction) improvement - weight: 20%
 - In-house customer survey index - weight: 40%
- The J.D. Power and Associates Residential Customer Satisfaction result for the mid-year of 2022 declined in rank to 97th in overall customer satisfaction among the 145 qualifying, participating utilities nationally. This is an industry rank of 67% compared to 49% for the same period in 2021, resulting in an index score of 1.0 on a five-point scale and 20% of the overall index.
- The J.D. Power and Associates Overall Customer Satisfaction Index score decreased 26 points, from 757 (on a 1,000-point scale) to 731 for an index score of 1.0 on a five-point scale and 20% of the overall index.
- The Escalent's Cogent Study Customer Effort Index results for mid-year 2022 declined 34 points from 742 (on a 1,000-point scale) to 708 for an index score of 1.0 on a five-point scale and 40% of the overall index.
- The in-house survey index is 8.47 (on a 1 to 10 scale) for transactional surveys captured April through June on transactions completed in the Service Center phone interactions and Field Service appointments for an index score of 4.3 on a five-point scale and 20% of the overall index.

MEASURE DESCRIPTION

Strategic Objective Supported: Focus on the Customer

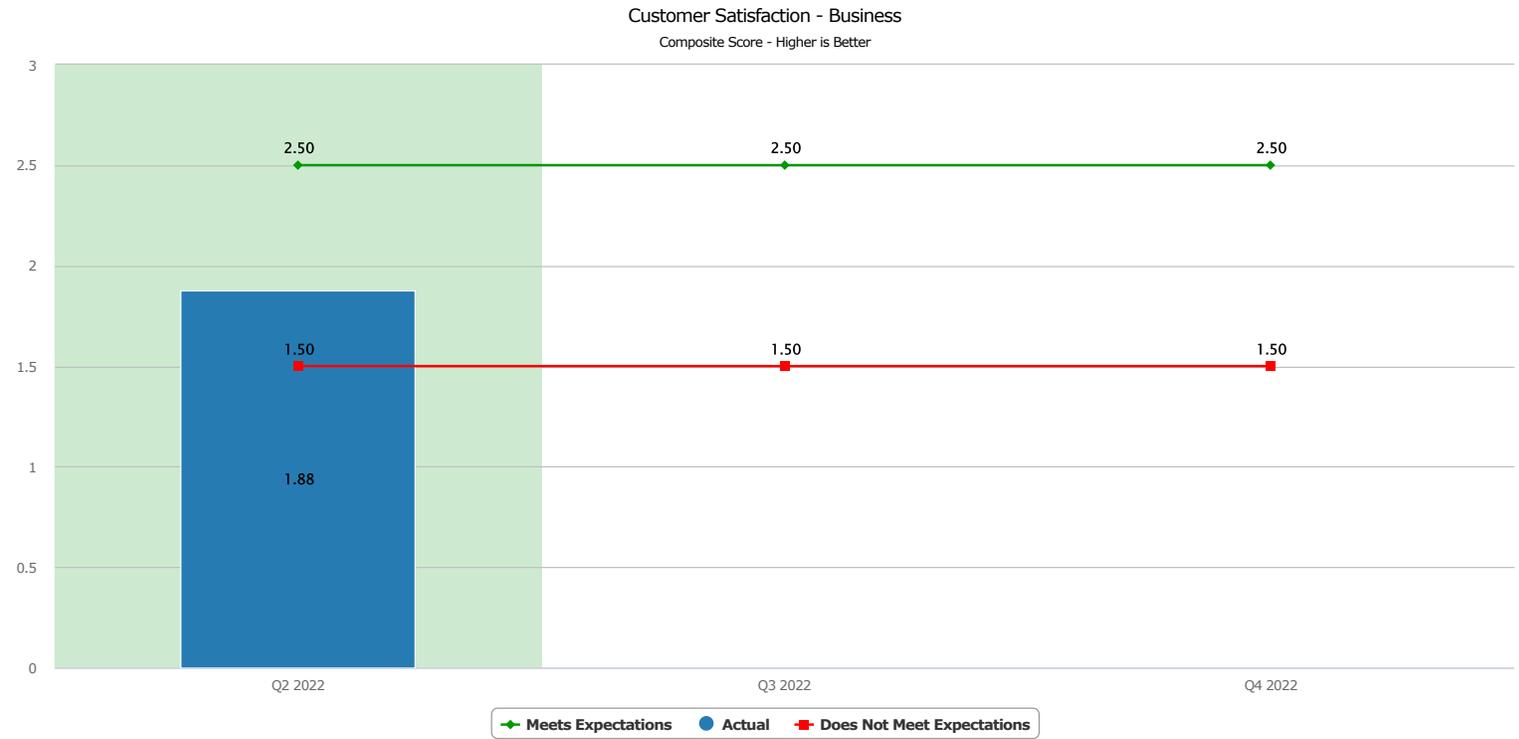
Reported as: Numerical rating to two decimals - Composite Score

Target range: 2.50 – 3.49 (composite score)

MEASURE PERFORMANCE

This mid-year 2022 result is 1.88.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- This new measure will be reported semi-annually. Results will be posted after Q2 and Q4 of 2022.
- The customer satisfaction index contains four major components:
 - National survey - Satisfaction rank - weight: 20%
 - National survey - Satisfaction rank improvement - weight: 20%
 - National survey - Customer effort (ease of interaction) improvement - weight: 20%
 - In-house customer survey index - weight: 40%
- The J.D. Power and Associates Business Customer Satisfaction result for the mid-year of 2022 increased in rank to 61st in overall customer satisfaction among the 82 qualifying, participating utilities nationally. This is an industry rank of 75% compared to 83% for the same period in 2021 resulting in an index score of 1.0 on five-point scale and 20% of the overall index.
- The J.D. Power and Associates Overall Customer Satisfaction Index score increased 16 points, from 754 (on a 1,000-point scale) to 770 for an index score of 2.5 on a five-point scale and 20% of the overall index.
- The Escalent's Cogent Study Customer Effort Index result for mid-year 2022 decreased 6 points from 788 (on a 1,000-point scale) to 782 for an index score of 1.0 on a five-point scale and 40% of the overall index.
- The in-house survey index is 7.52 (on a 1 to 10 scale) for transactional surveys captured April through June on transactions completed in the Service Center phone interactions for an index score of 3.9 on a five-point scale and 20% of the overall index.

4 C2a Electric System Average Interruption Duration Index (SAIDI)

Measure Status: Exceeds Expectations

MEASURE DESCRIPTION

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

Reported as: 12 month rolling average

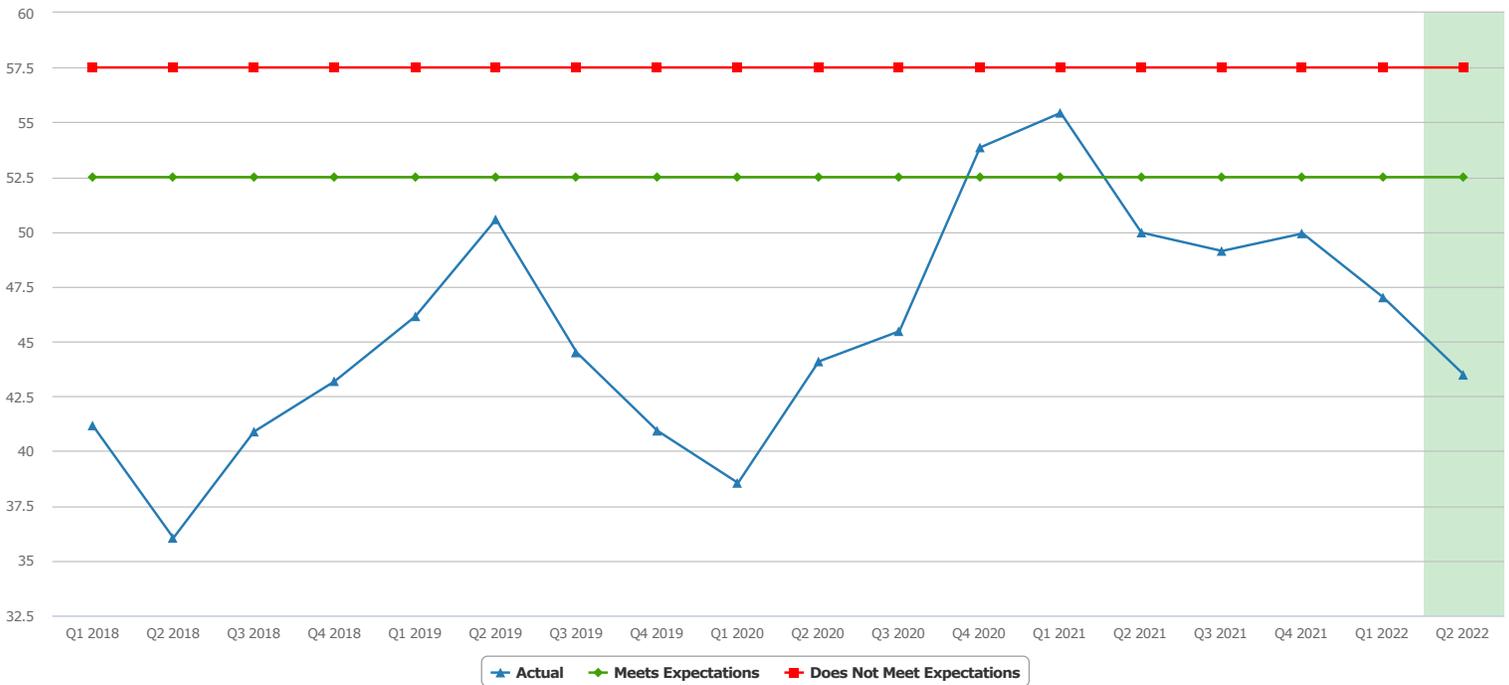
Target range: 52.50 – 47.51 (minutes interruption per customer per year)

MEASURE PERFORMANCE

The mid-year 2022 result is 43.48 minutes.

MEASURE CHART(S)

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



PERFORMANCE ANALYSIS

- Including the snowstorm on May 21st, there were 420 sustained outages in the second quarter of 2022.
- Excluding the snowstorm on May 21st since it was considered a Major Event Day, there were 280 sustained outages in the second quarter.

MEASURE DESCRIPTION

Strategic Objective Supported: Provide Safe, Resilient and Quality Services

Reported as: 12 month rolling average

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

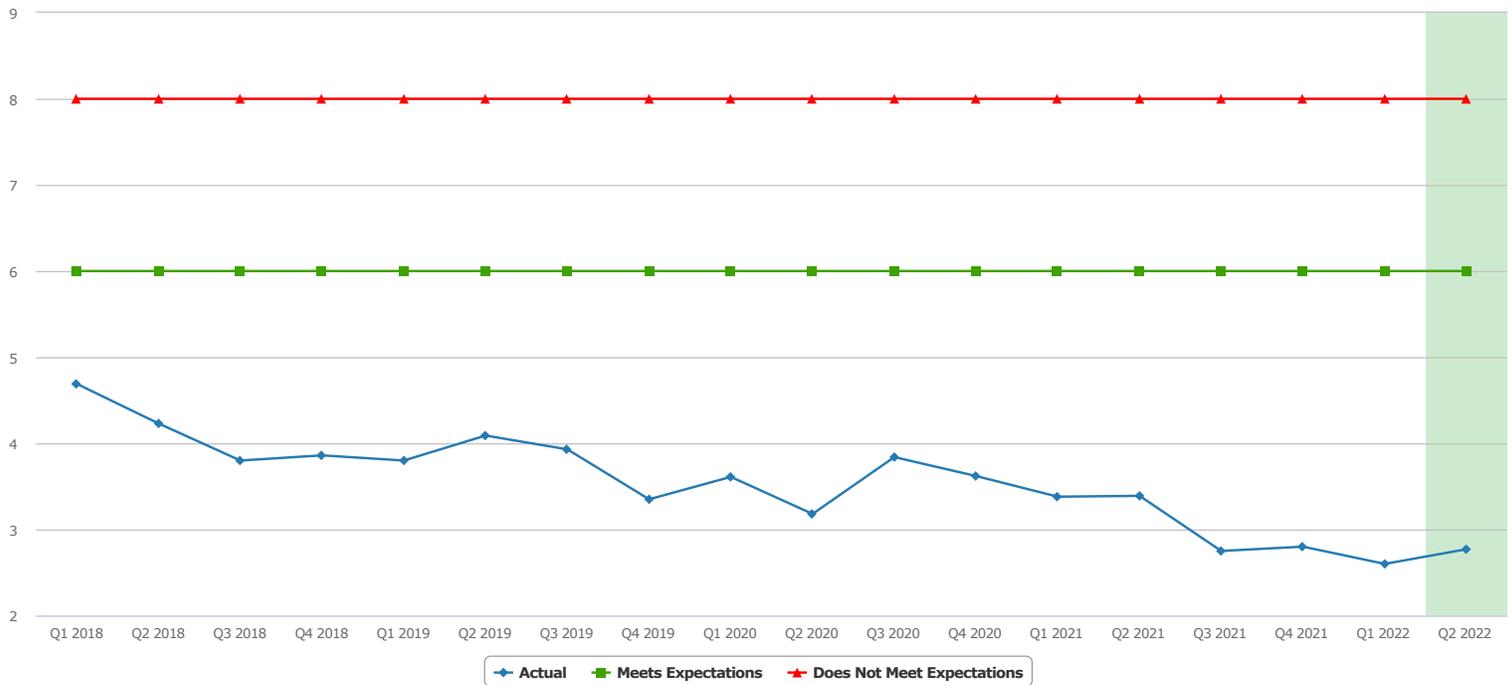
MEASURE PERFORMANCE

The mid-year 2022 result is 2.77 failures per 100 miles of pipe.

MEASURE CHART(S)

Failures per 100 Miles of Natural Gas Pipe

Number of Failures - Lower is Better



PERFORMANCE ANALYSIS

- There were 52 failures on the 5,637 miles of gas pipe that make up the gas infrastructure in Q2 2022. There were 156 failures from July 2021 through June 2022.

3 C2c Failures per 100 Miles of Water Pipe

Measure Status: Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Provide Safe, Resilient and Quality Services

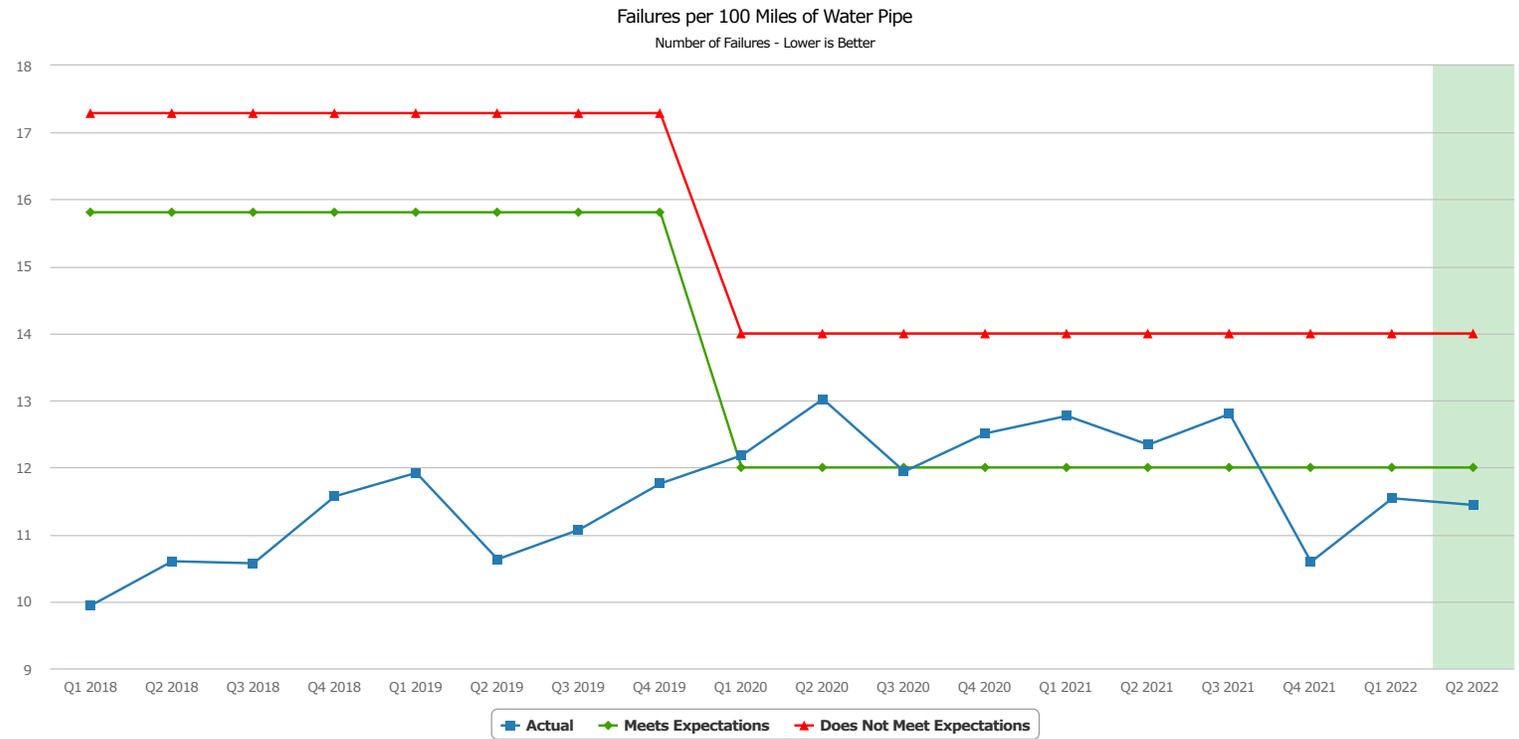
Reported as: 12 month rolling average

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

MEASURE PERFORMANCE

The mid-year 2022 result is 11.44 failures per 100 miles of pipe.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- There were 74 failures in Q1 2022. Thirty eight of the failures were main breaks, 30 were main leaks, and 6 were valve leaks.
- There were 40 failures in Q2 of 2022. Thirteen of the failures were main breaks, 23 were main leaks, and 4 were valve leaks.
- A detailed analysis by System Planning and Projects Division shows that, at current funding levels for the capital program that addresses water main replacement, cathodic protection, and lining of water mains, a minimal increase in water main failures is expected over the next 5 years.
- The capital program prioritizes addressing high risk water mains, minimizing leaks under new pavement, and aligning with the City's 2C initiative.

MEASURE DESCRIPTION

Strategic Objective Supported: Provide Safe, Resilient and Quality Services

Reported as: 12 month rolling average

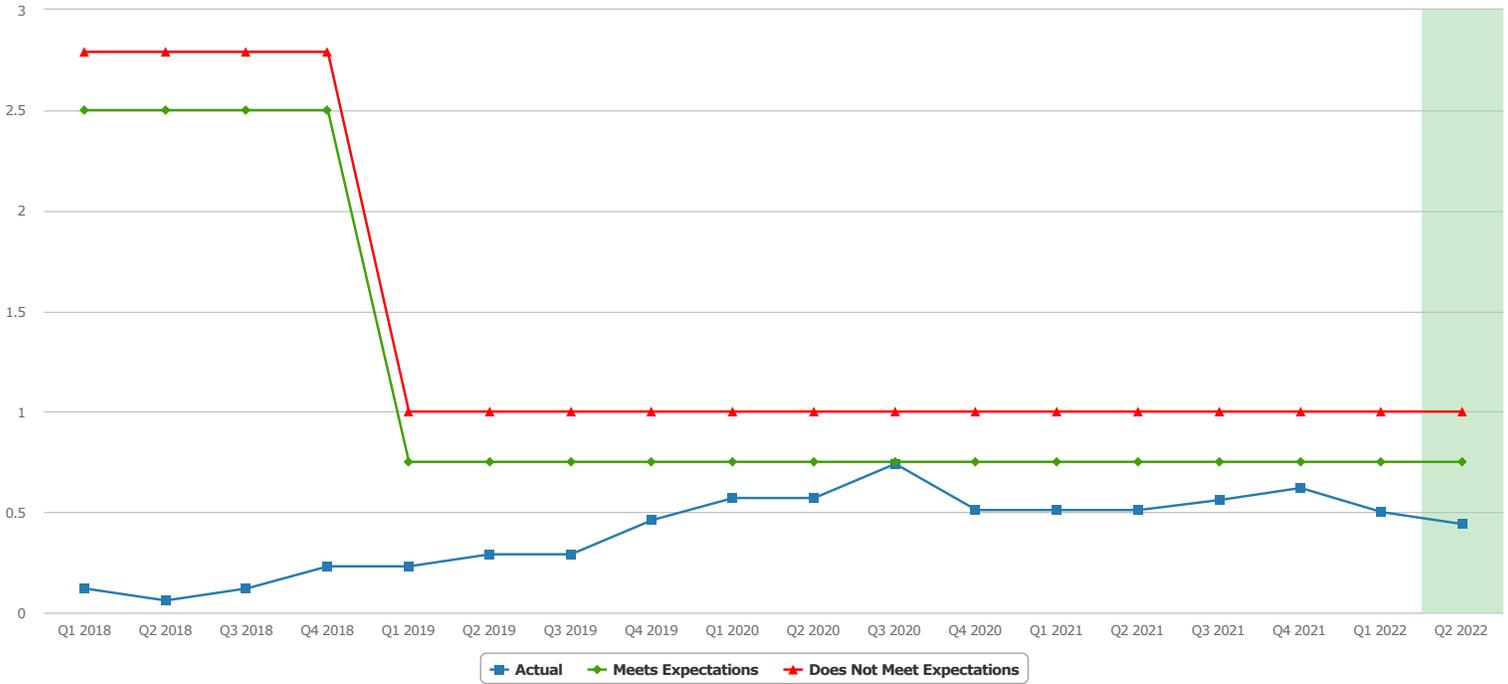
Target Range: 0.75 - 0.51 (failures per 100 miles of pipe)

MEASURE PERFORMANCE

The mid-year 2022 result is 0.44 failures per 100 miles of pipe.

MEASURE CHART(S)

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



PERFORMANCE ANALYSIS

- There was one failure event in Q2 2022. This was a non-reportable Sanitary Sewer Overflow (SSO) caused by a heavy accumulation of roots that had not been cleaned. From January-June 2022 there has been one failure event counted in the measure. It should be noted that there was one reportable SSO in Q2 that was not counted in the measure as the cause was determined to be from a collection of debris from an unknown third party (or parties).

3 C3a Infrastructure Coordination with City

Measure Status: Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Support the Community

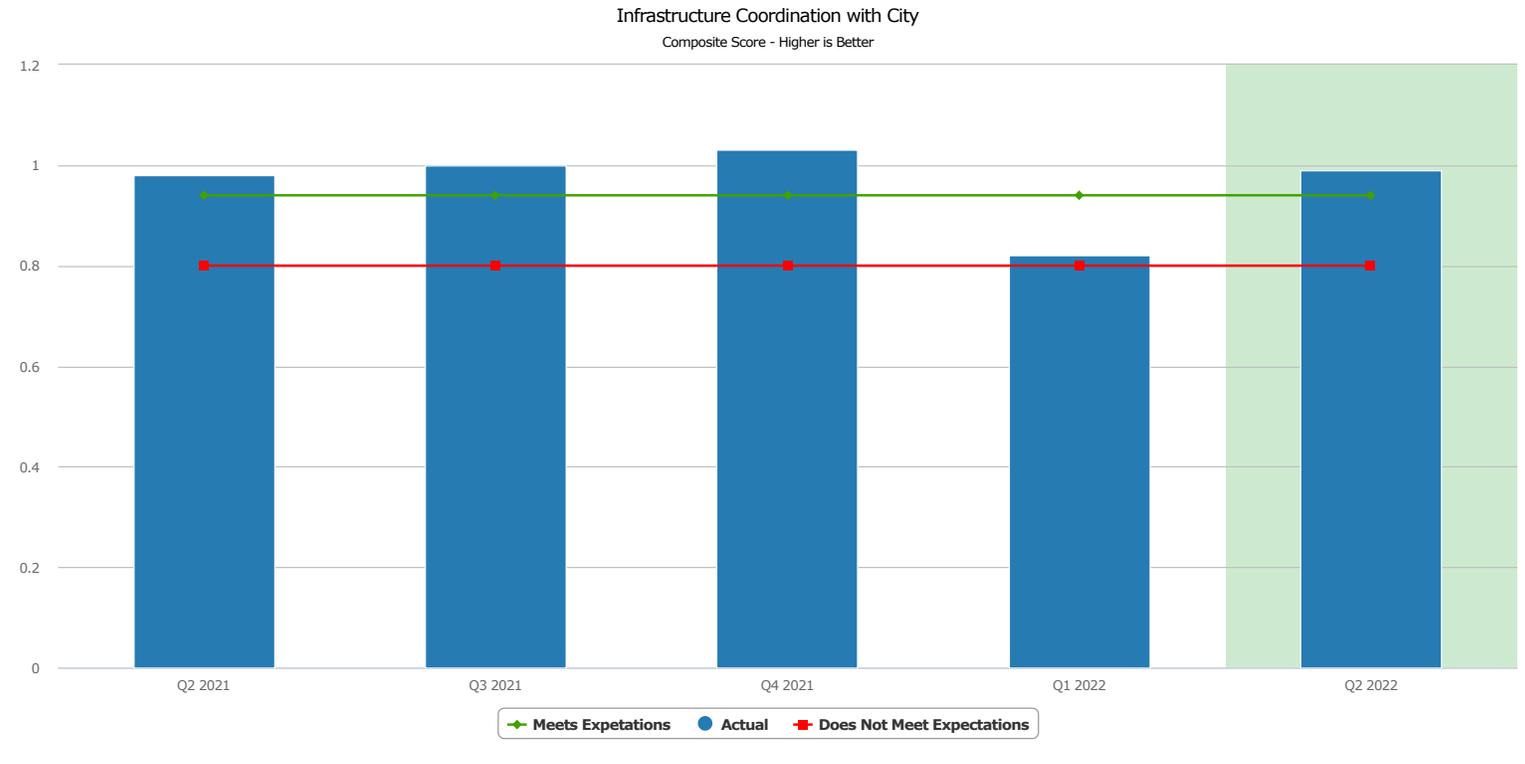
Reported as: Cumulative Year-to-Date

Target Range: 0.94 - 1.06 (composite score)

MEASURE PERFORMANCE

The mid-year 2022 result is 0.99.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The forecasted cumulative spend through Q2 2022 was \$9.37 million with an actual cumulative spend of \$8.38 million.
- Through Q2 2022, the Finished Water Linear Asset Program (FWLAP) had 78 projects planned and completed; the Sanitary Sewer Creek Crossing (SSCC) Program had four projects planned and completed; the Public Improvements Program (PIP) had two projects planned and completed.
- During Q2 2022, no previously paved 2C city streets, under the five-year moratorium, were cut for unplanned Springs Utilities projects.

3 FS1a Residential Electric Service - Front Range Comparison

Measure Status: Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

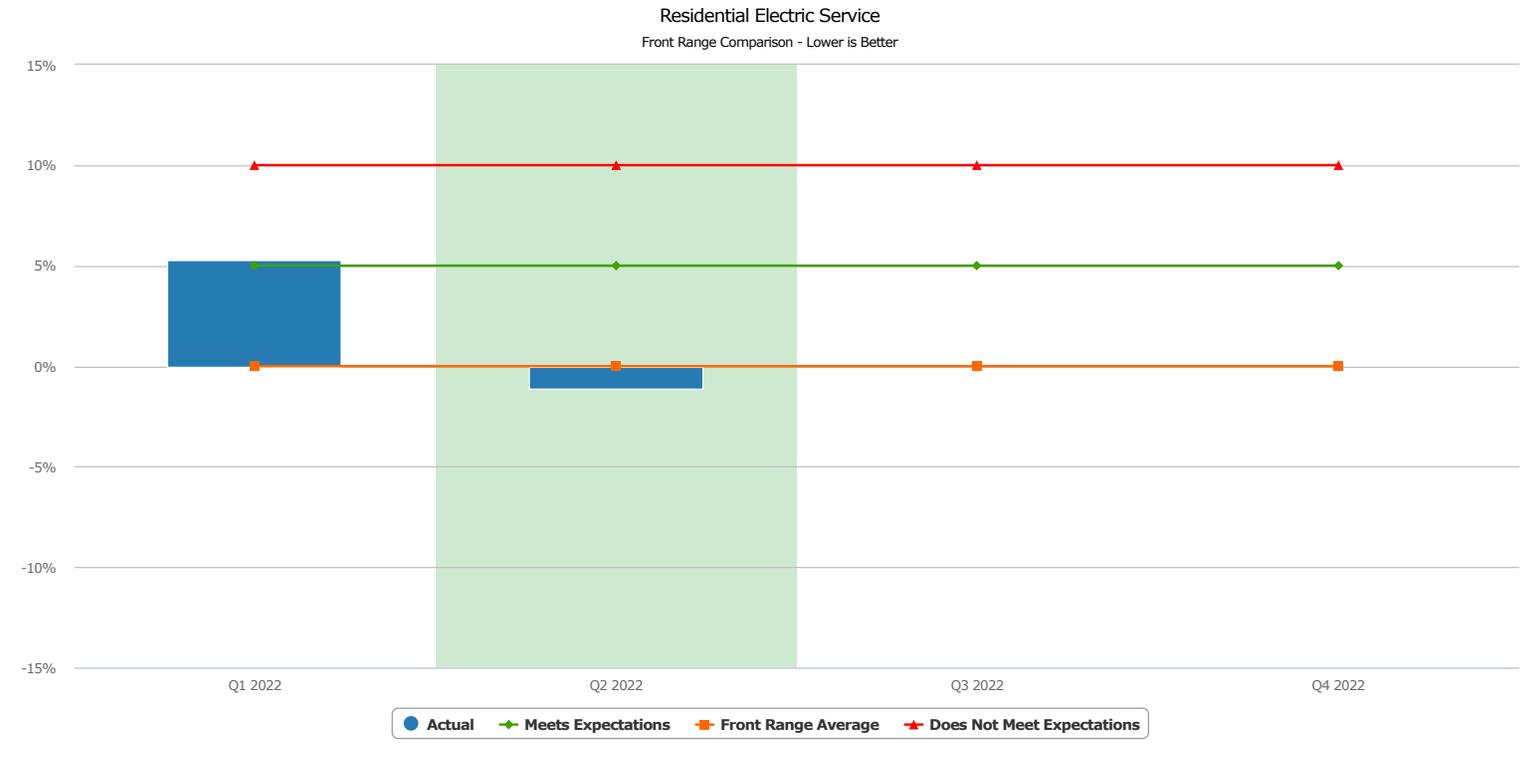
Reported as: Average natural gas bill

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

MEASURE PERFORMANCE

The mid-year 2022 result is 1.13% below Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- Rate computations have been estimated using tariffs rates publicly available on websites as of July 1, 2022 and assumed billing determinations.
- To provide more relevant and timely data during volatile fuel markets, we have completed a Front Range bill comparison as of April 1, 2022.
- The mid-year result is the average of January and April results.
- Year-end reporting will utilize an average of January, April, July and October results.

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

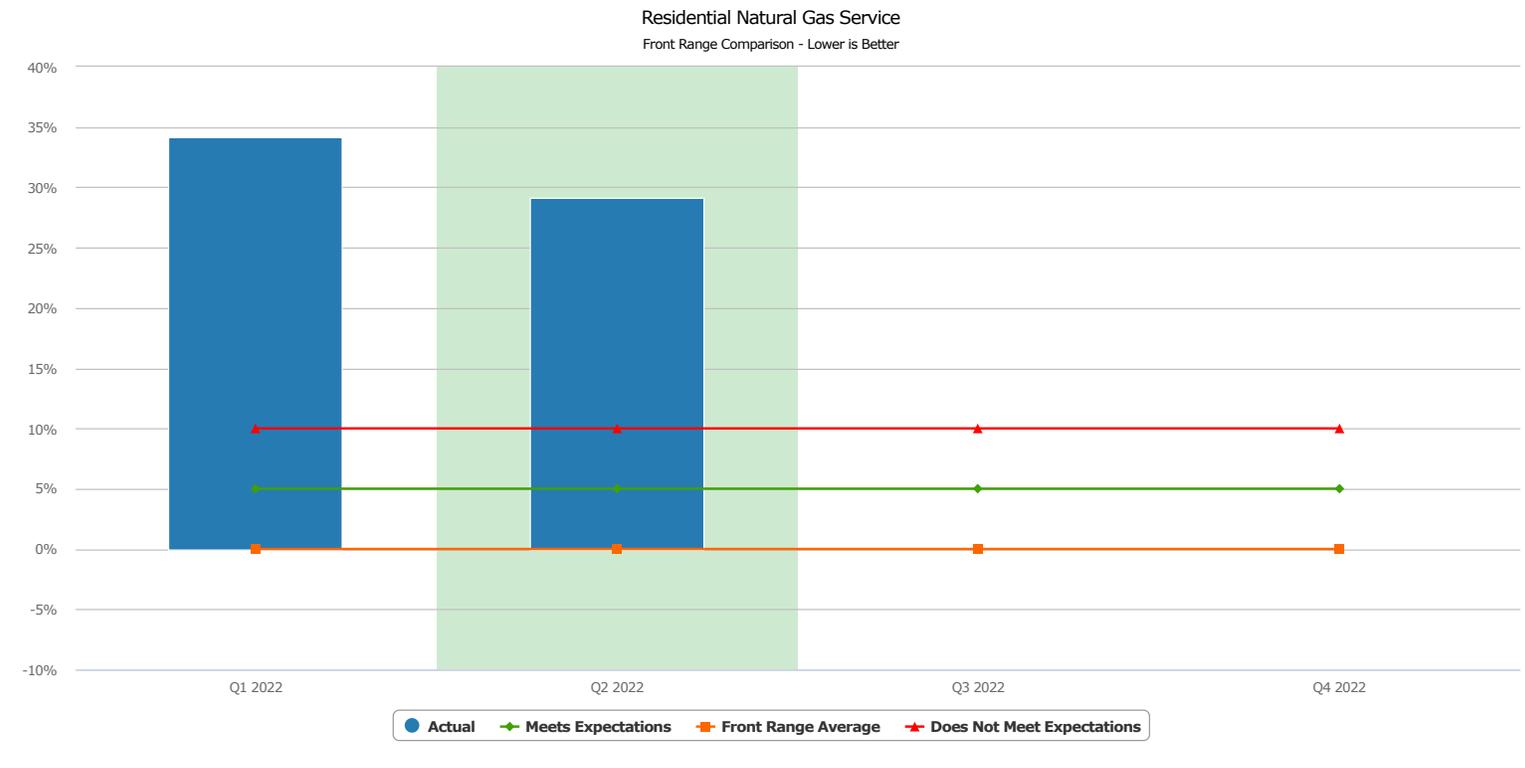
Reported as: Average bill

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

MEASURE PERFORMANCE

The mid-year 2022 result is 29.14% above Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Rate computations have been estimated using tariff rates publicly available on websites as of July 1, 2022 and assumed billing determinations.
- To provide more relevant and timely data during volatile fuel markets, we have completed a Front Range bill comparison as of April 1, 2022.
- The mid-year result is the average of January and April results.
- Year-end reporting will utilize an average of January, April, July and October results.
- The result for this measures is due to the ECA and GCA.
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame, which allows them to charge a lower rate, or haven't even begun collecting at all.
- The gas service bill comparison was worse because a higher percentage of the bills are fuel related.

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

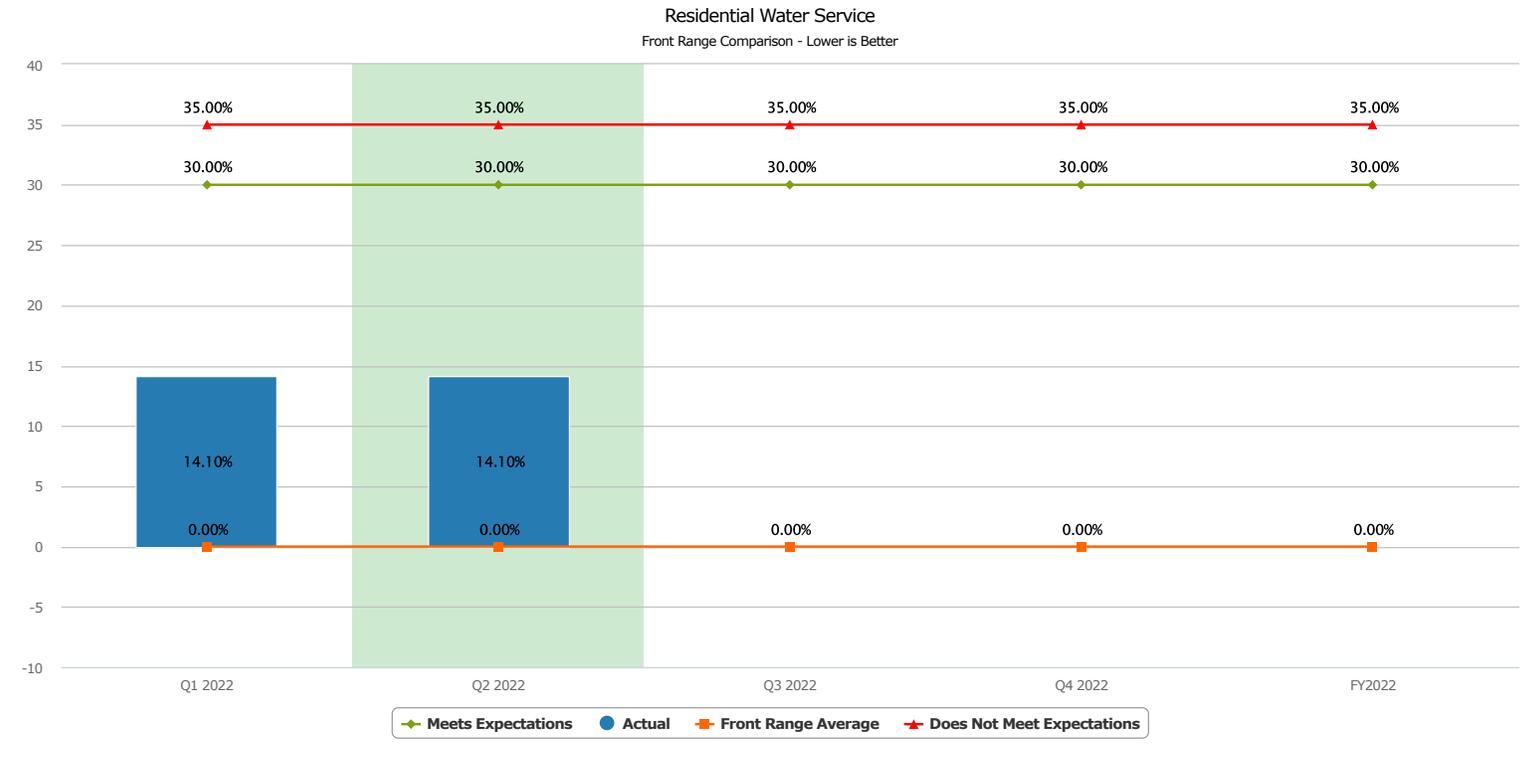
Reported as: Average bill

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

MEASURE PERFORMANCE

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

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The mid-year result is the average of January and April results.
- Year-end reporting will utilize an average of January, April, July and October results.

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

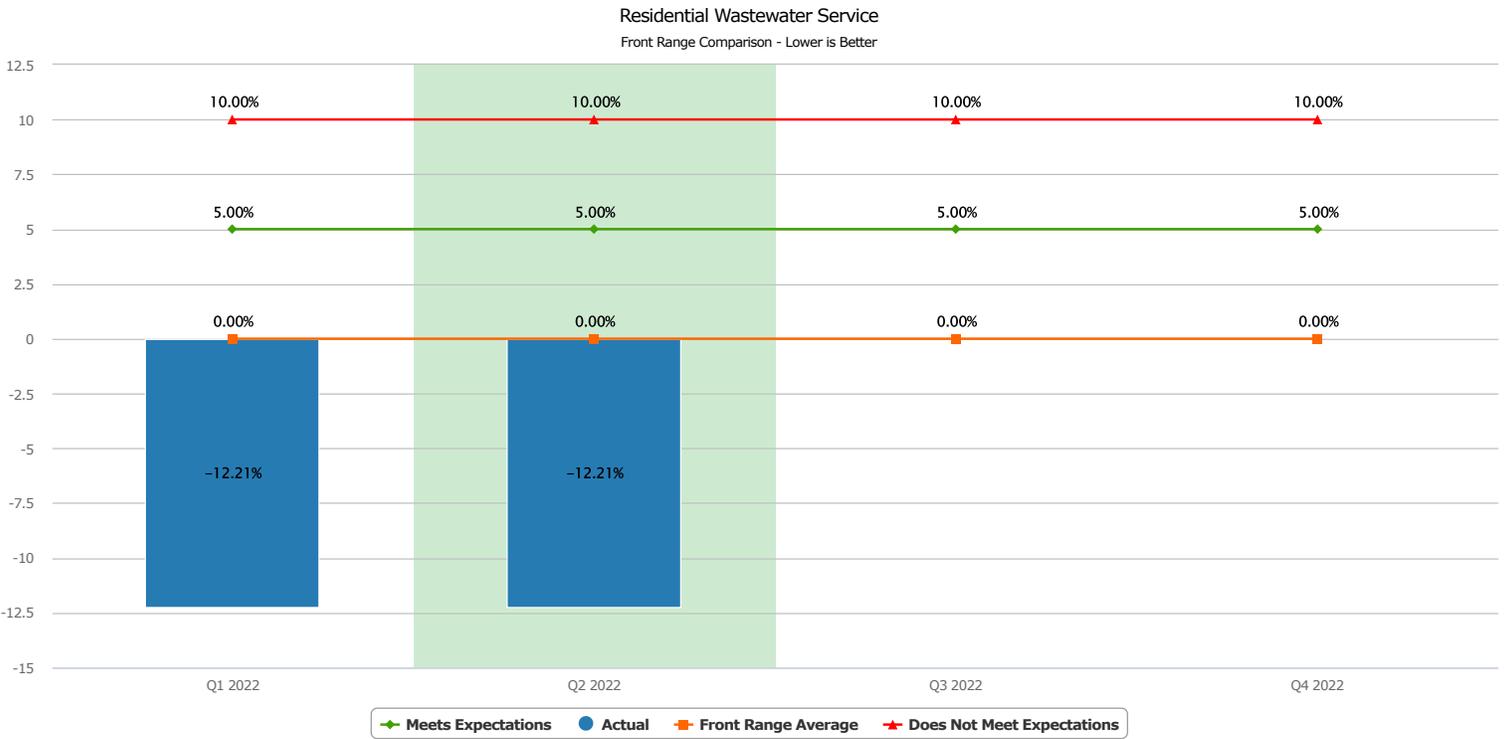
Reported as: Average bill

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

MEASURE PERFORMANCE

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

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The mid-year result is the average of January and April results.
- Year-end reporting will utilize an average of January, April, July and October results.

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

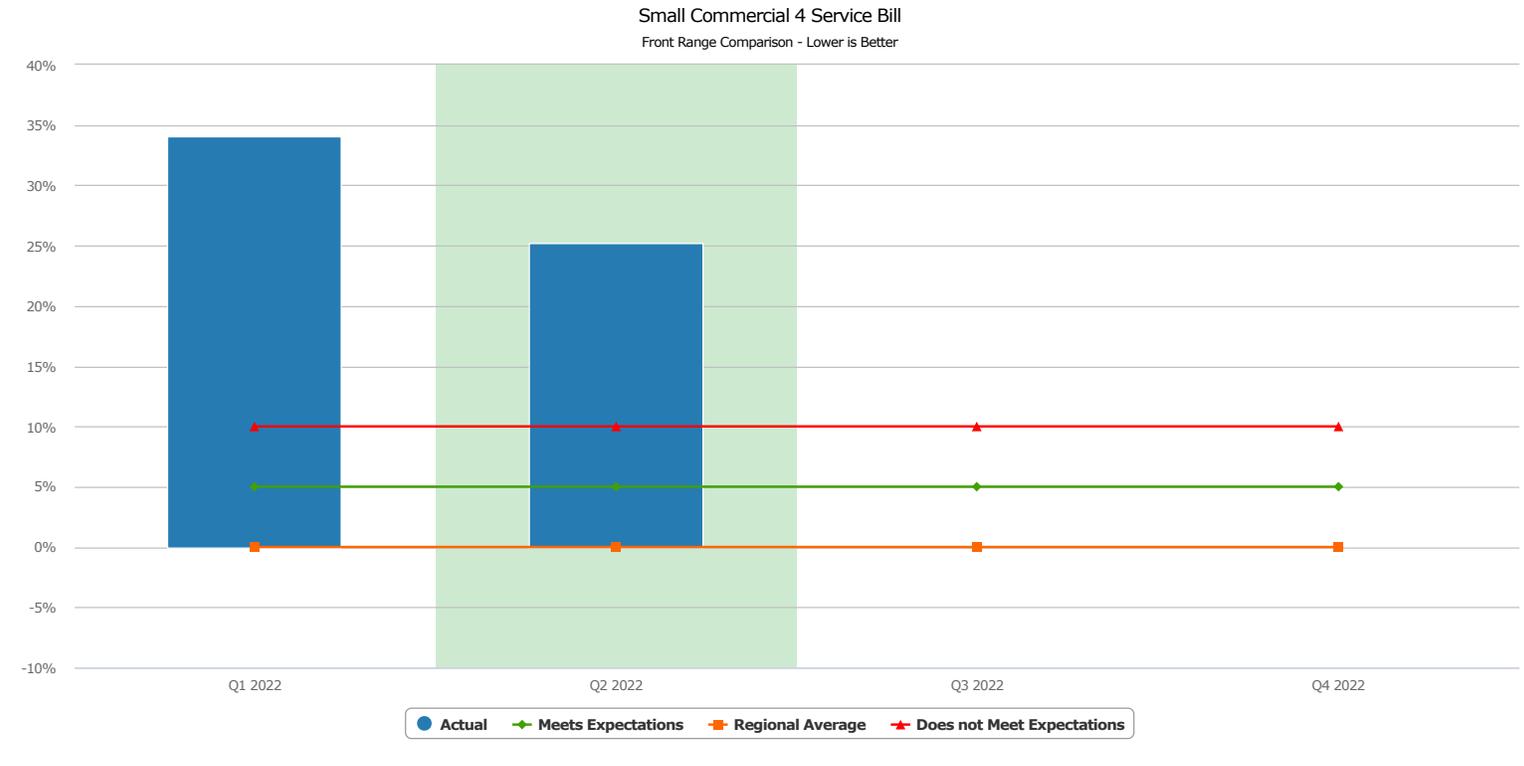
Reported as: Average combined bill

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

MEASURE PERFORMANCE

The mid-year 2022 result is 25.18% above Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- Rate computations have been estimated using tariff rates publicly available on websites as of July 1, 2022 and assumed billing determinations.
- To provide more relevant and timely data during volatile fuel markets, we have completed a Front Range bill comparison as of April 1, 2022.
- The mid-year result is the average of January and April results.
- Year-end reporting will utilize an average of January, April, July and October Results.
- The result for this measures is due to the ECA and GCA.
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame, which allows them to charge a lower rate, or haven't even begun collecting at all.
- The gas service bill comparison was worse because a higher percentage of the bills are fuel related.

Measure Status: Does Not Meet Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

Reported as: Average combined bill

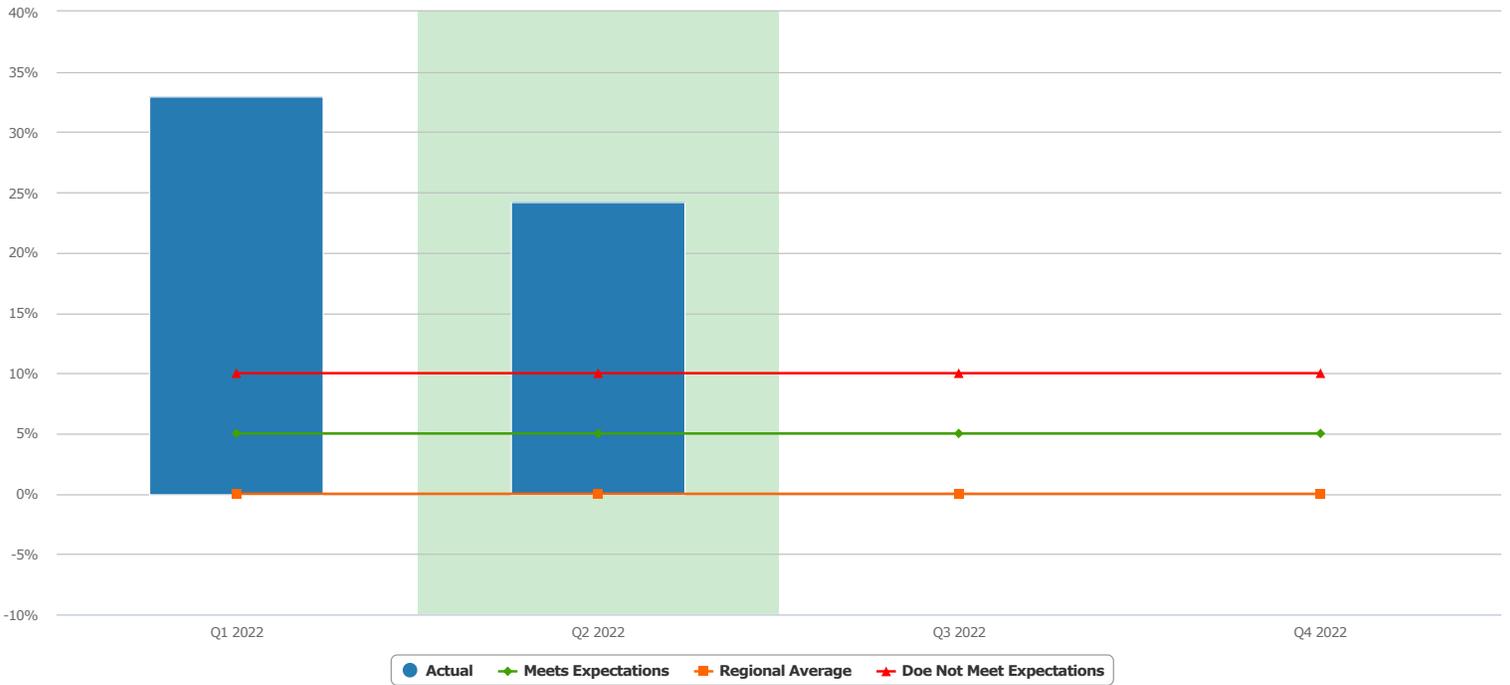
Target Range: +/- 5.0% of Colorado Front Range average

MEASURE PERFORMANCE

The mid-year 2022 result is 24.18% above Front Range average.

MEASURE CHART(S)

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



PERFORMANCE ANALYSIS

- Electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- Rate computations have been estimated using tariff rates publicly available on websites as of July 1, 2022 and assumed billing determinations.
- To provide more relevant and timely data during volatile fuel markets, we have completed a Front Range bill comparison as of April 1, 2022.
- The mid-year result is the average of January and April results.
- Year-end reporting will utilize an average of January, April, July and October Results.
- The result for this measures is due to the ECA and GCA.
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame, which allows them to charge a lower rate, or haven't even begun collecting at all.
- The gas service bill comparison was worse because a higher percentage of the bills are fuel related.

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

Measure Status: Partially Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Keep Bills Competitive

Reported as: Average electric bill

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

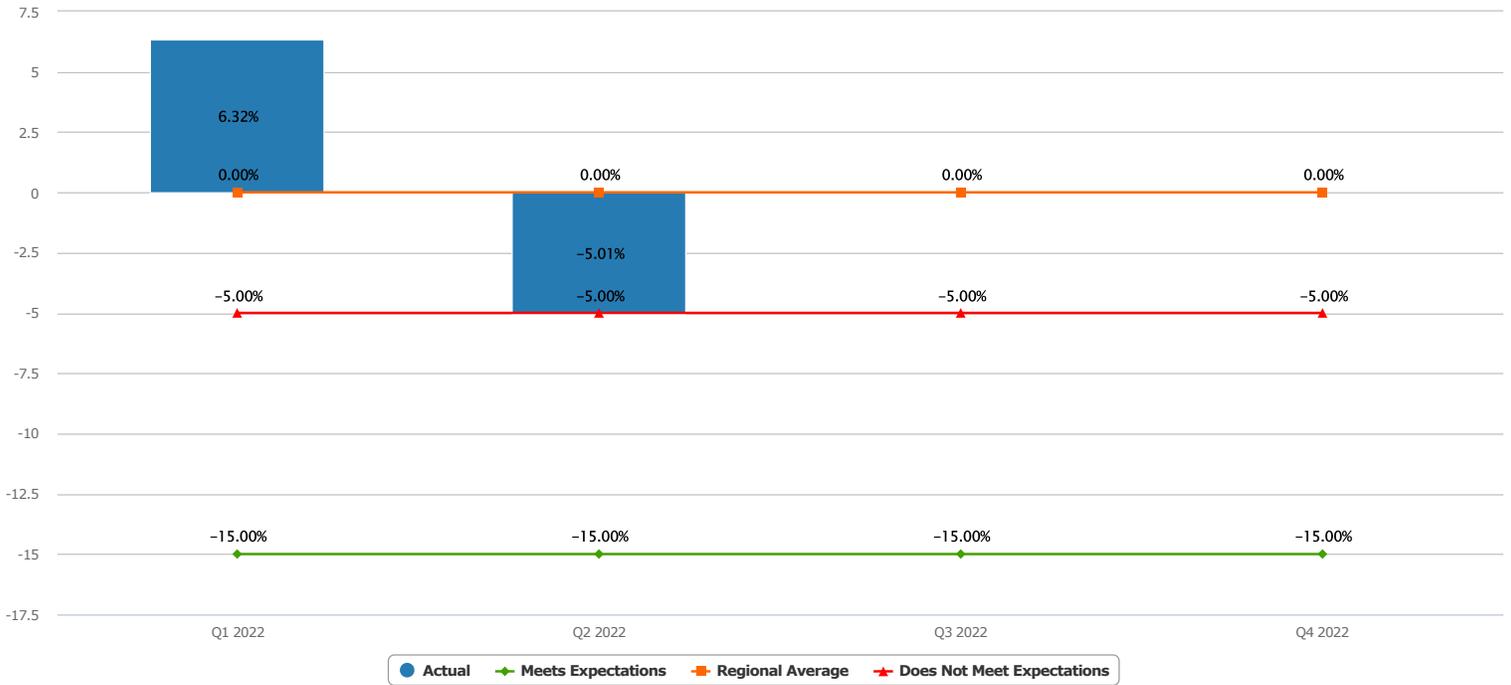
MEASURE PERFORMANCE

The mid-year 2022 result is 5.01% below the Front Range average.

MEASURE CHART(S)

Industrial Electric-Intensive Customer Bill

Front Range Comparison - Lower is Better



PERFORMANCE ANALYSIS

- Electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- Rate computations have been estimated using tariff rates publicly available on websites as of July 1, 2022 and assumed billing determinations.
- To provide more relevant and timely data during volatile fuel markets, we have completed a Front Range bill comparison as of April 1, 2022.
- The mid-year result is the average of January and April results.
- Year-end reporting will utilize an average of January, April, July and October Results.
- The result for this measures is due to the ECA and GCA.
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- Other utilities are collecting over a much longer time frame, which allows them to charge a lower rate, or haven't even begun collecting at all.

3 FS2a Days Cash on Hand - Current Year

Measure Status: Meets Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

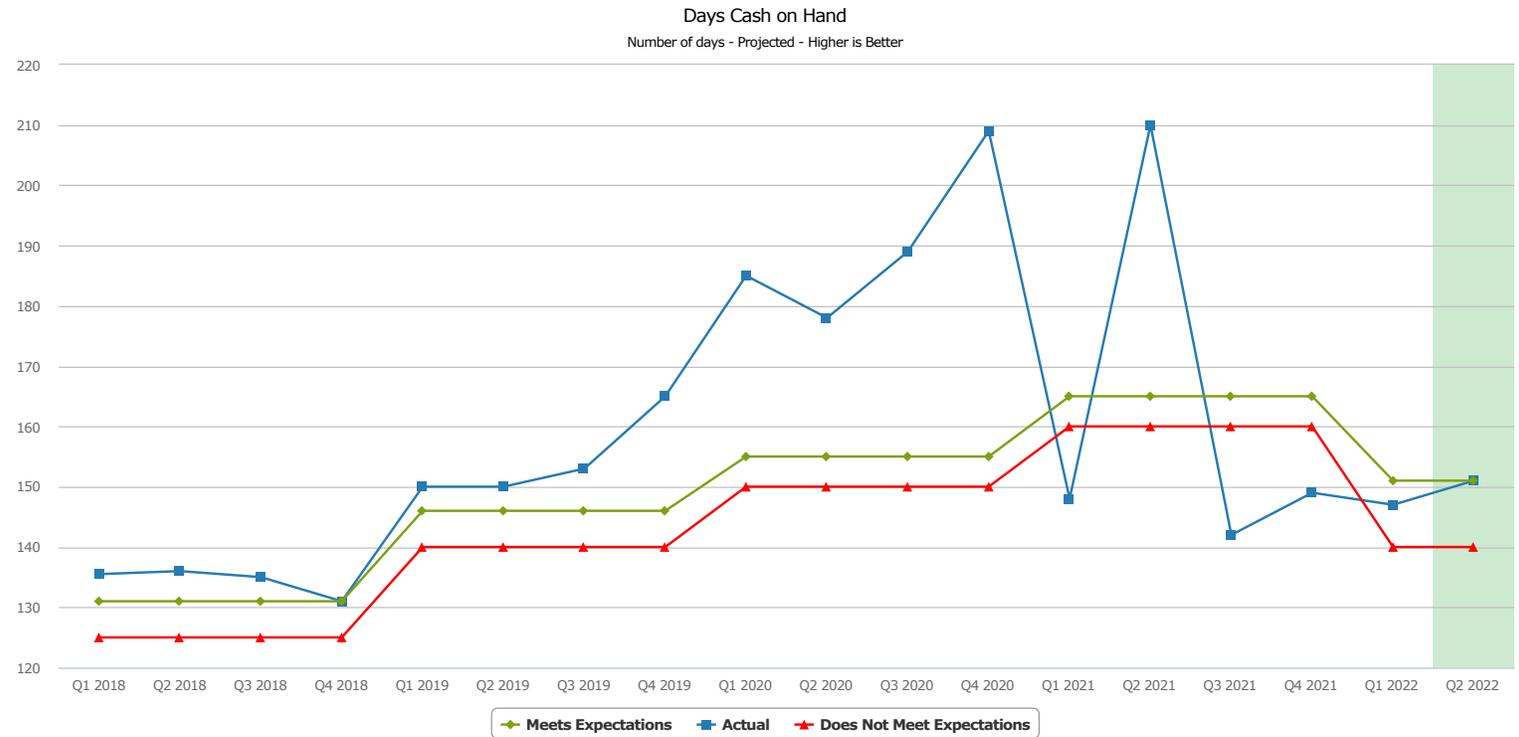
Reported as: year-end projection of actual result plus forecast

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

MEASURE PERFORMANCE

The mid-year 2022 result is 151 days.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Higher fuel expenses brought the Days Cash on Hand number down slightly due to the higher daily expense number.
- Days Cash on Hand result is right at meets expectations and could easily come up if fuel expenses decrease over the next two quarters.

4 FS2b Days Cash on Hand - 3 Year Average

Measure Status: Exceeds Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

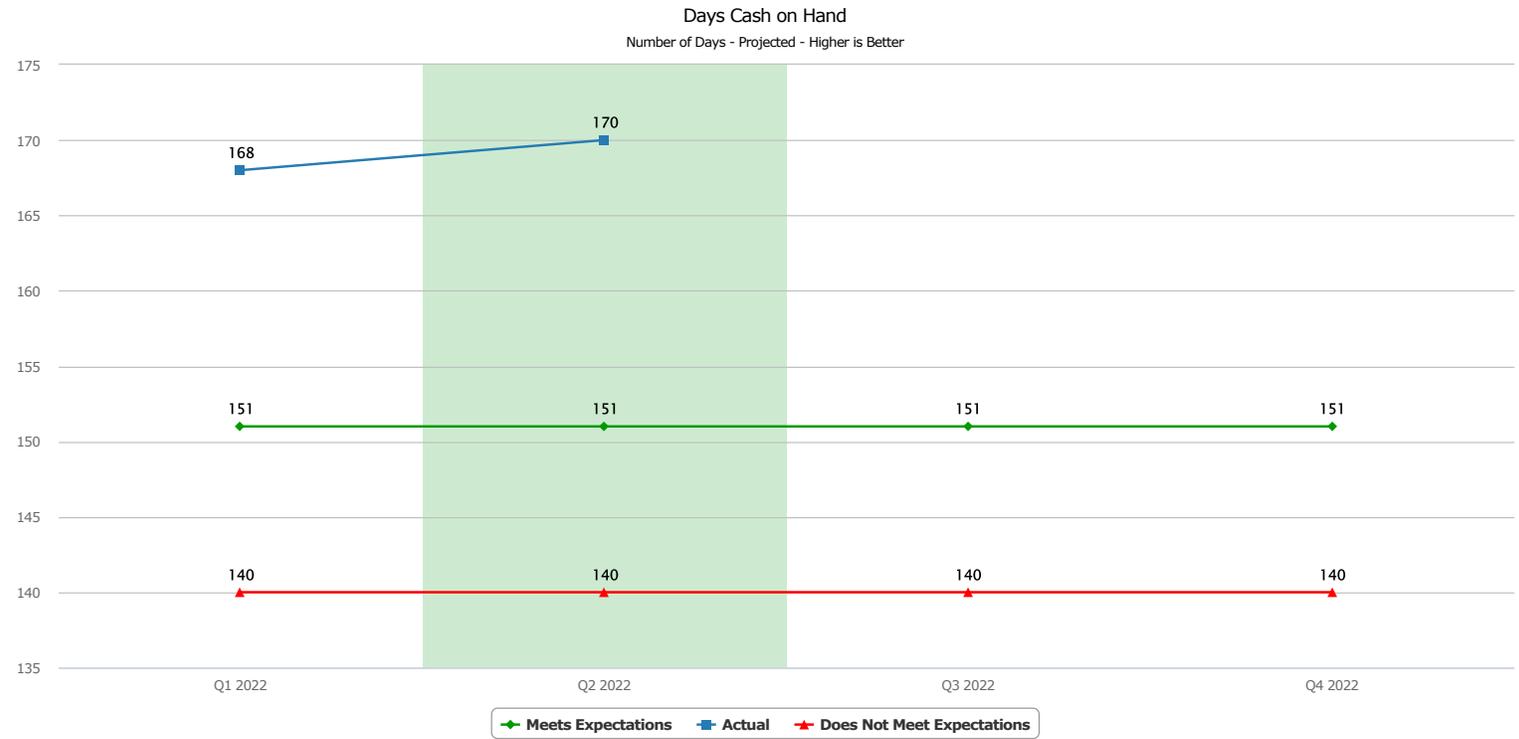
Reported as: Current year projection and the previous two years of history

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

MEASURE PERFORMANCE

As of mid-year 2022 the three year average for Days Cash on Hand is 170 days.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Days Cash on Hand was 209 in 2020 which is helping to pull up 2021 and 2022 to exceeds expectations.

5 FS2c Adjusted Debt Service Coverage - Current Year

Measure Status: Far Exceeds Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

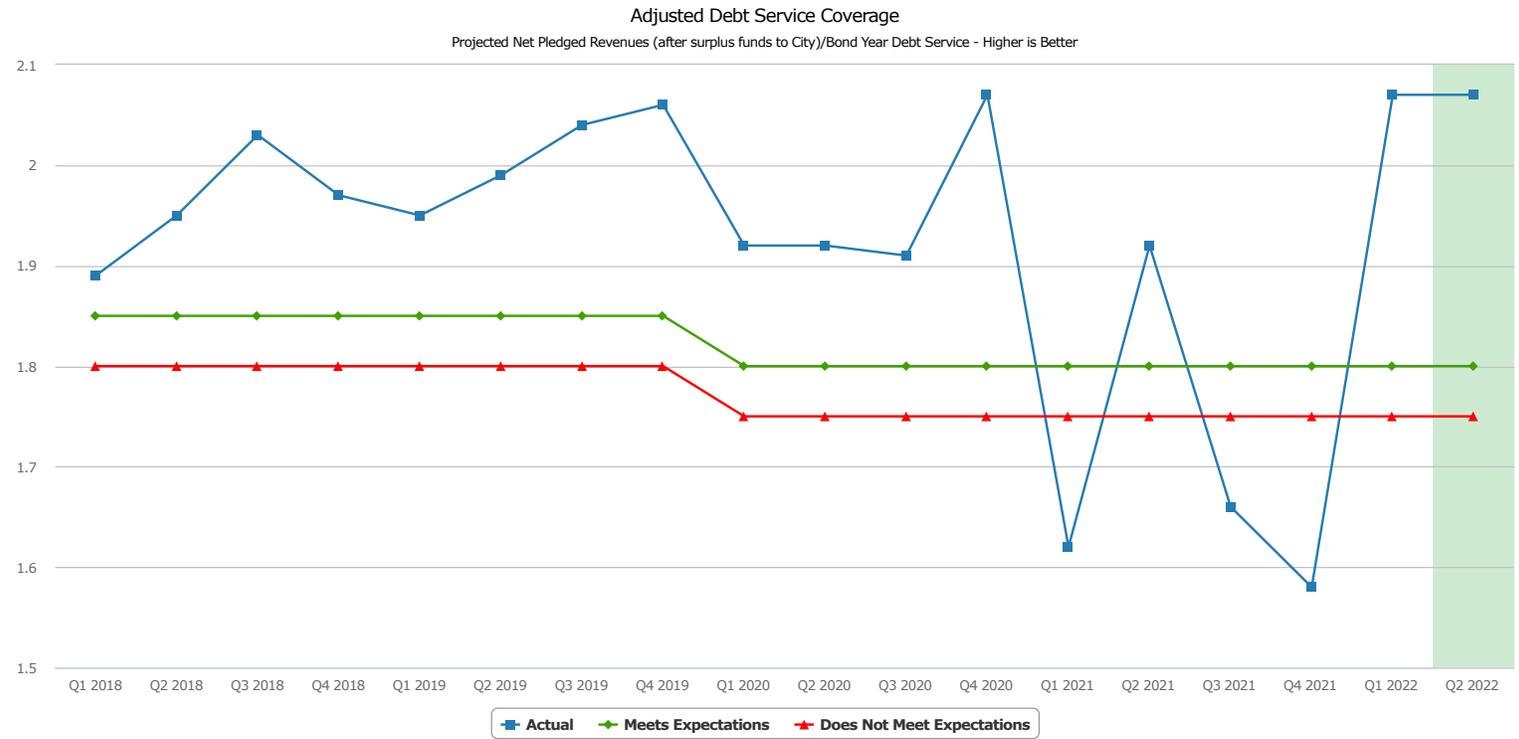
Reported as: Year-end projection of actual results plus forecast

Target Range: 1.80 - 1.90 times

MEASURE PERFORMANCE

The mid-year 2022 result is 2.07.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- No significant variance to the Annual Operating and Financial Plan (AOF) in the 1st Quarter. Many factors could change this as we progress in 2022.

4 FS2d Adjusted Debt Service Coverage - 3 Year Average

Measure Status: Exceeds Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

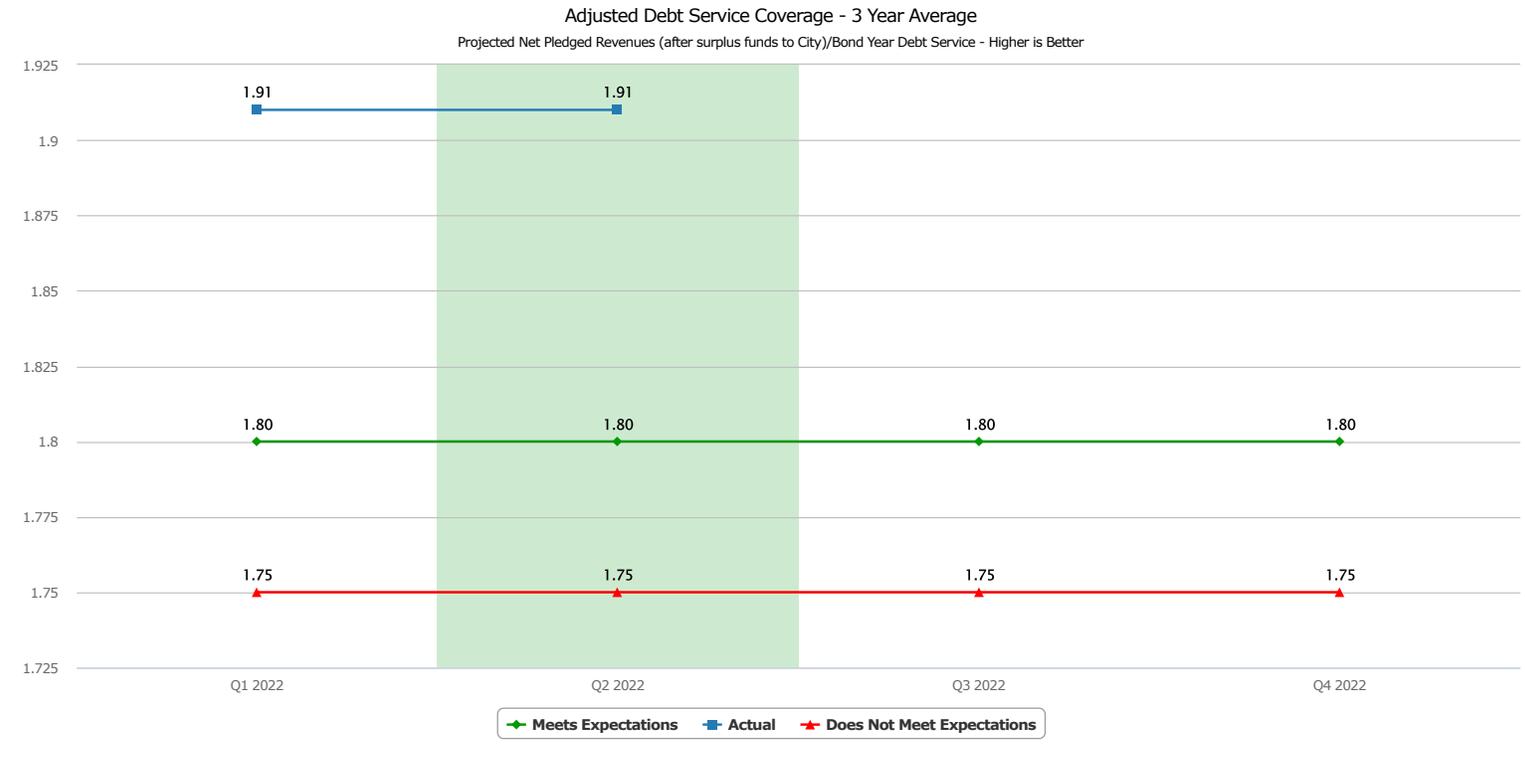
Reported as: Year-end projection of actual results plus forecast

Target Range: 1.80 - 1.90 times

MEASURE PERFORMANCE

As of mid-year 2022 the three year average is 1.91.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The three year average for Adjusted Debt Service Coverage is strong due to 2020 and 2022 making up for 2021.

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

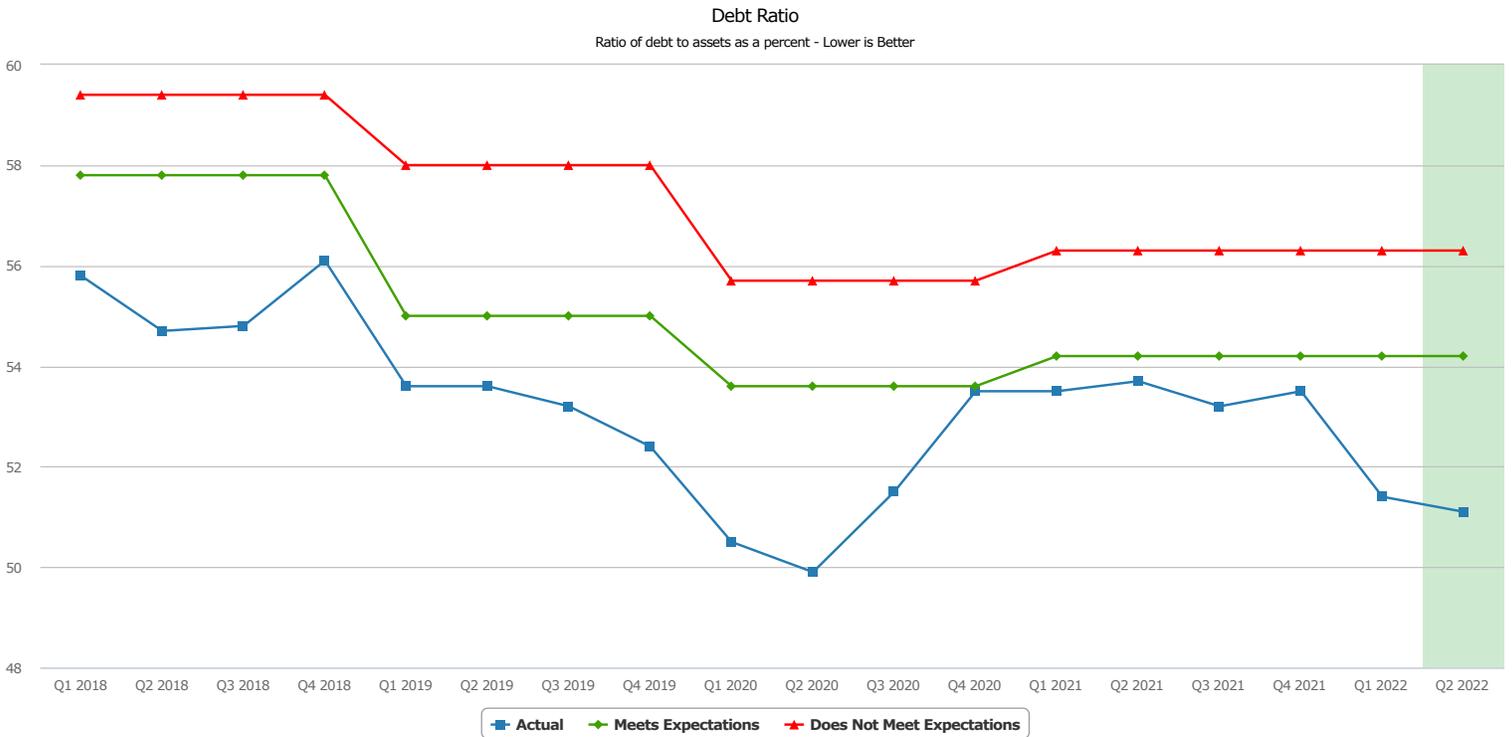
Reported as: year-to-date actual result

Target Range: 54.2 - 50.2%

MEASURE PERFORMANCE

The mid-year 2022 result is 51.1%.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Debt ratio is slightly better than the Annual Operating and Financial Plan (AOF), it could come back close to the AOF by the end of 2022.

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

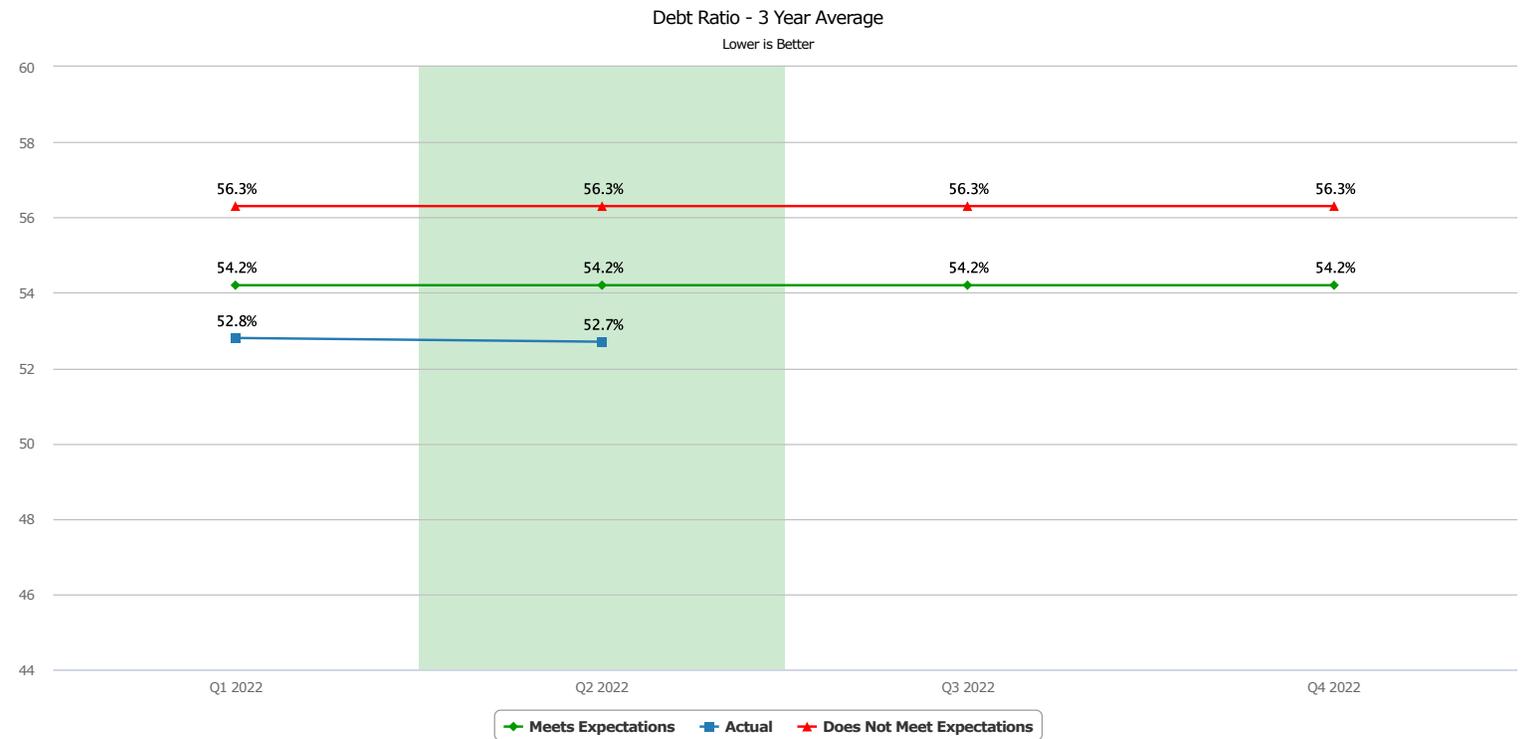
Reported as: Current year to date and the previous 2 years of history

Target Range: 54.2 - 50.2%

MEASURE PERFORMANCE

As of mid-year 2022 the three year average is 52.7%.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The three year average for Debt Ratio should finish the year close to the 2nd Quarter result.

MEASURE DESCRIPTION

Strategic Objective Supported: Build Financial Strength

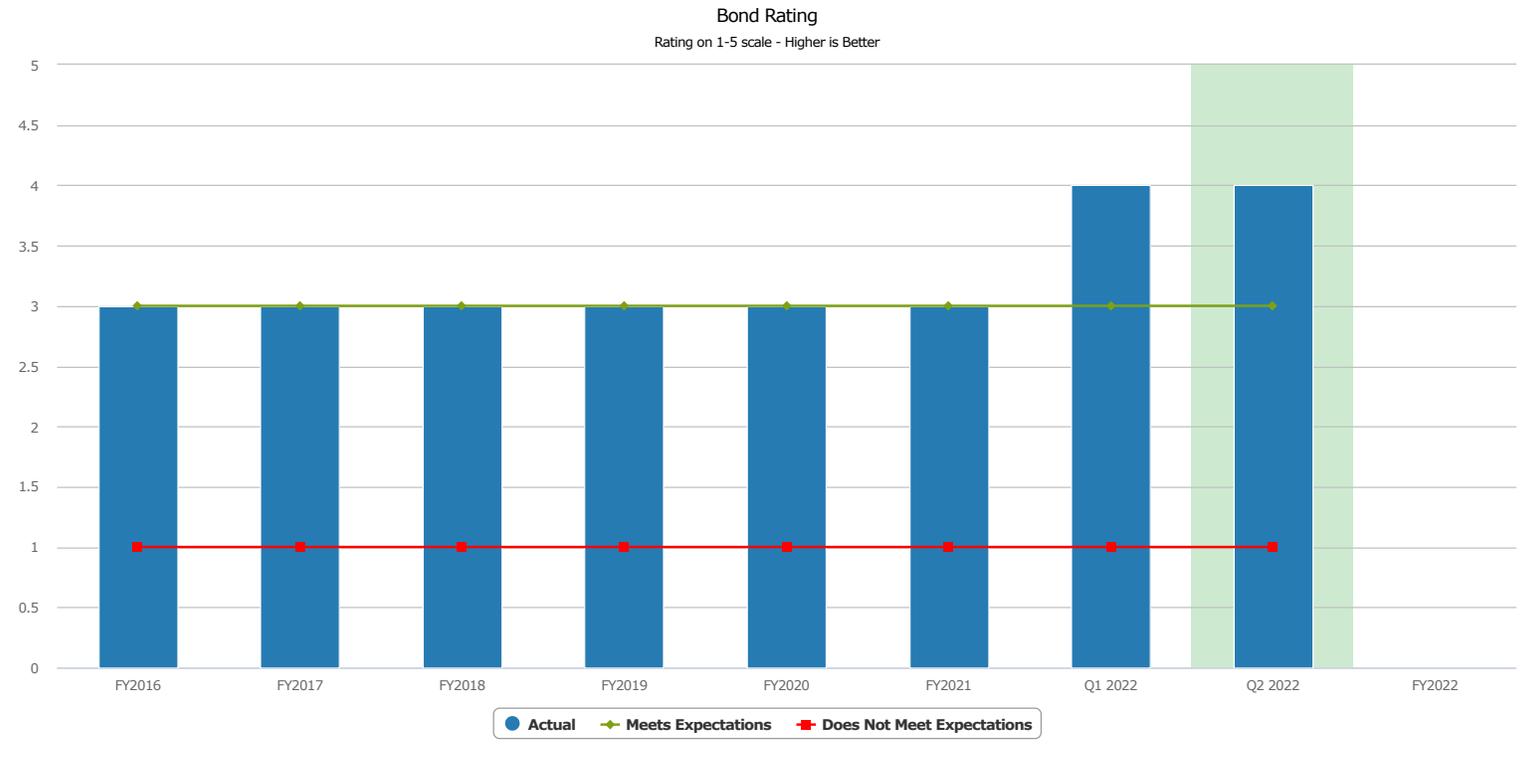
Reported as: Standard & Poor's, Moody's Investors Service, and Fitch Ratings

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

MEASURE PERFORMANCE

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

MEASURE CHART(S)



PERFORMANCE ANALYSIS

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

3 P2a Sustainable Energy Project Cost Performance Index (CPI)

Measure Status: Meets Expectations

MEASURE DESCRIPTION

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

Reported as: Cumulative Year-to-Date

Target Range: 0.95 - 1.05 (composite score)

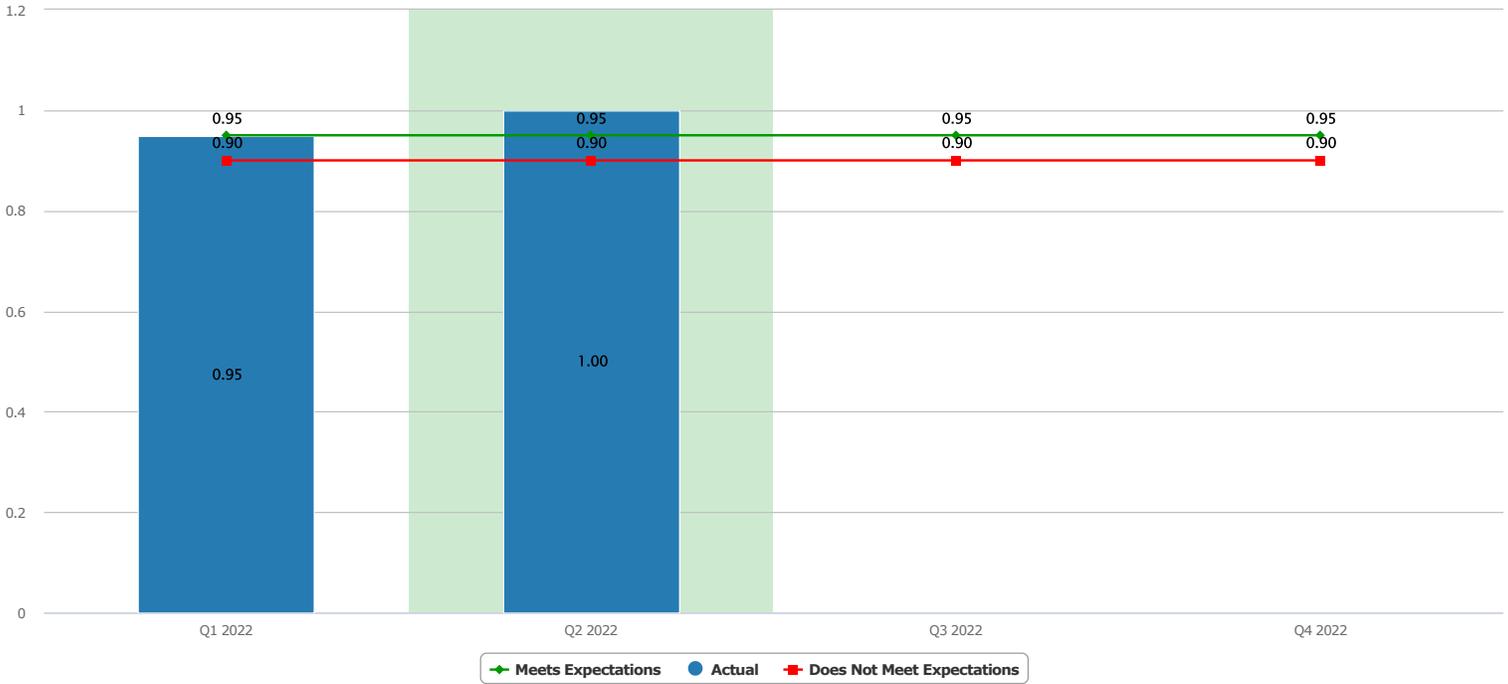
MEASURE PERFORMANCE

The mid-year 2022 Result is 1.00.

MEASURE CHART(S)

Sustainable Energy Project Cost Performance Index (CPI)

Higher is Better



PERFORMANCE ANALYSIS

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

Project Name	Earned Value	Actual Value	CPI	Scorecard Rating
Briargate Substation New	\$2,761,350	\$2,761,350	1	3
Briargate New Transmission Line	\$1,047,889	\$1,047,889	1	3
Cottonwood - Fuller Uprate	\$757,616	\$757,616	1	3

MEASURE DESCRIPTION

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

Reported as: cumulative year-to-date

Target Range: 3.0 - 3.9 (composite score)

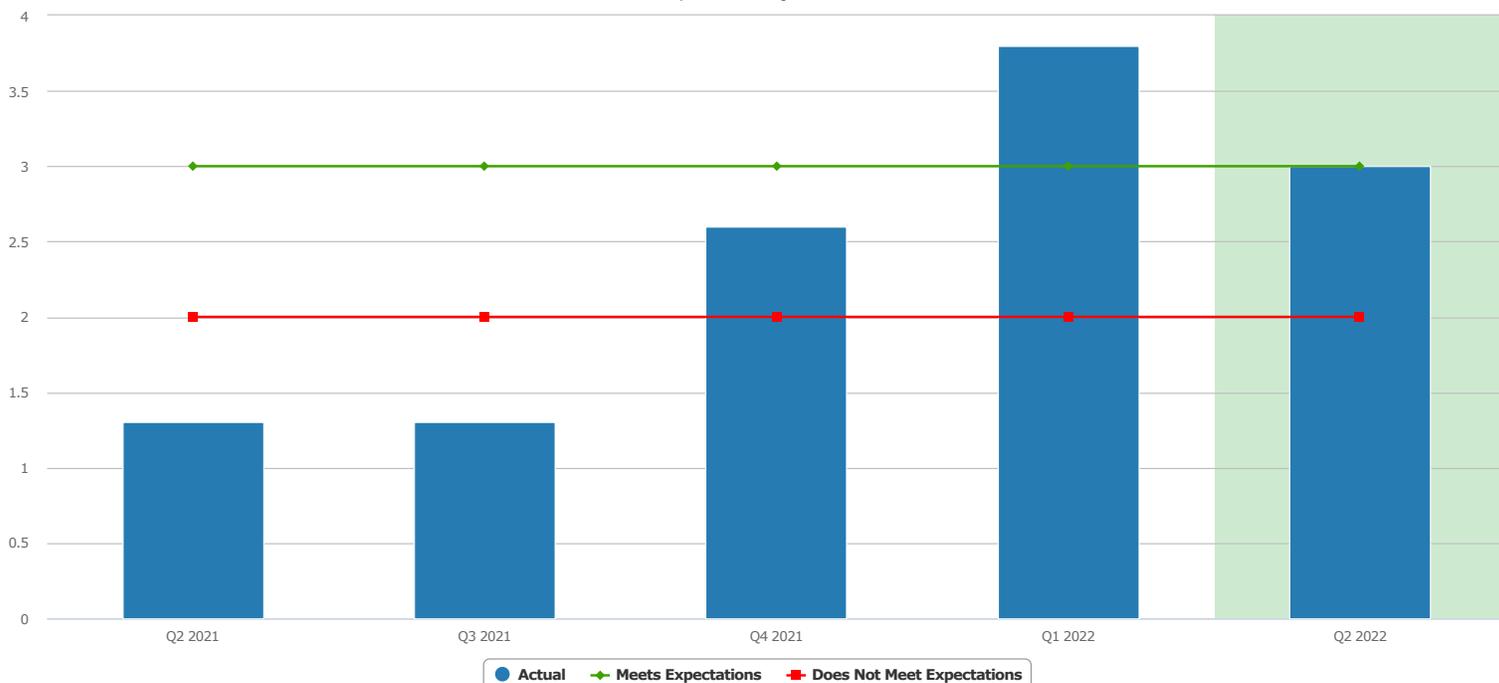
MEASURE PERFORMANCE

The mid-year 2022 Result is 3.0

MEASURE CHART(S)

Distribution Integrity Management Program and Compliance Projects Implementation

Composite Score - Higher is Better



PERFORMANCE ANALYSIS

- This measure is weighted 70% schedule and 30% budget
- Schedule is based on progress against 2022 DIMP construction metrics defined within the 2022 DIMP program plan.
- Schedule variance for mid-year: $0.8 = 3.0$ Meets Expectations
- Budget variance for mid-year: $\$2,276,322 / \$3,184,555 = 0.071 = 3.0$ Meets Expectations
- Final score: $3 \times 0.7 + 3 \times 0.3 = 3.0 =$ Meets Expectations

MEASURE DESCRIPTION

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

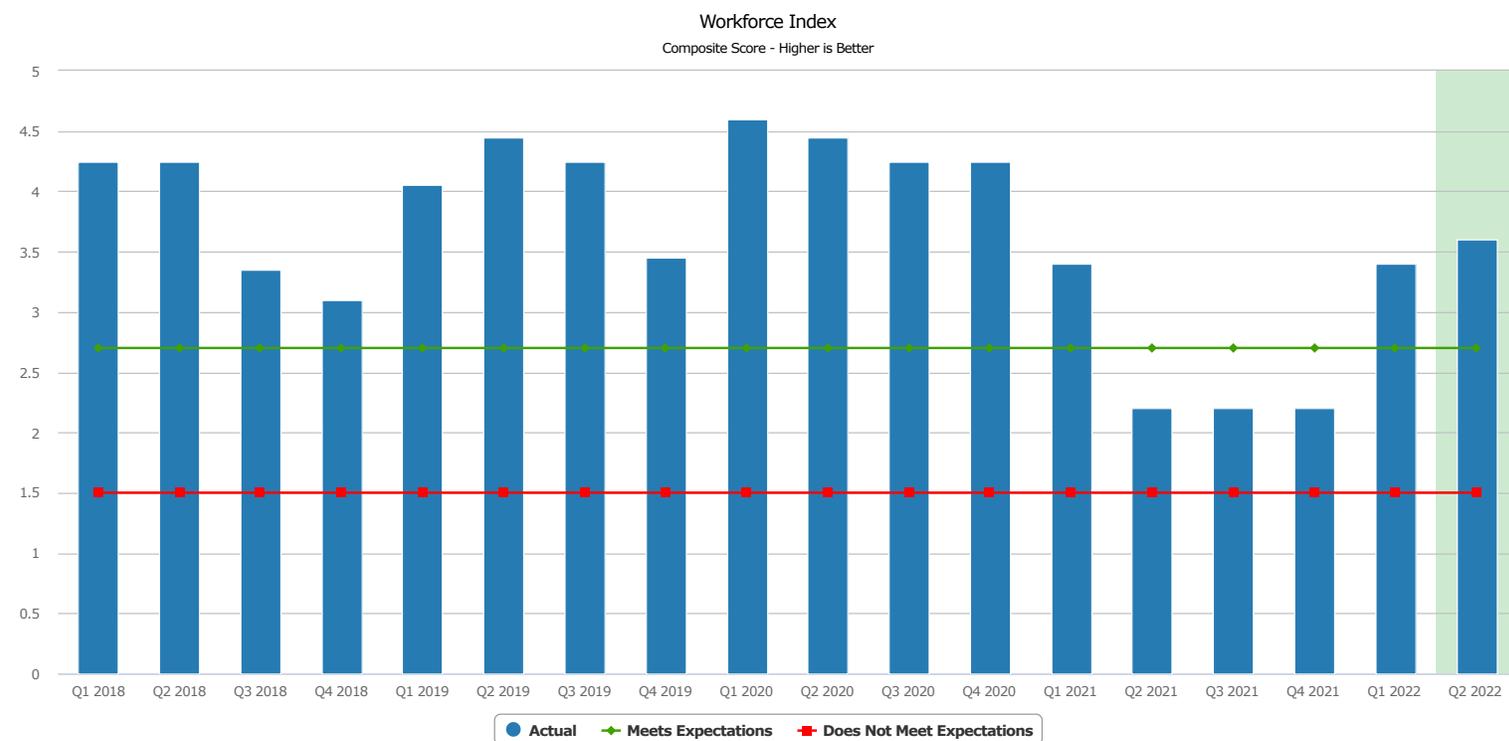
Reported as: Year-to-date

Target range: 2.70 – 3.49 (composite score)

MEASURE PERFORMANCE

The mid-year 2022 result is 3.60.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The overall Workforce Index is comprised of three components:
 - Quality of hire for new hires 20%
 - Total turnover 40%
 - Compliance with mandatory and required training 40%
- Quality of hire for new hires received a score of 2, which partially meets expectations.
- Total turnover received a score of 5, which far exceeds expectations.
- Compliance with mandatory and required training received a score of 3, which meets expectations.
- Total Score: $(2 \times 0.20) + (5 \times 0.40) + (3 \times 0.40) = 3.60$ = Exceeds Expectations

5 F2a Safety: Occupational Injuries and Illnesses Rate

Measure Status: Far Exceeds Expectations

MEASURE DESCRIPTION

Strategic Objective Supported: Ensure Employee, Contractor and Public Safety

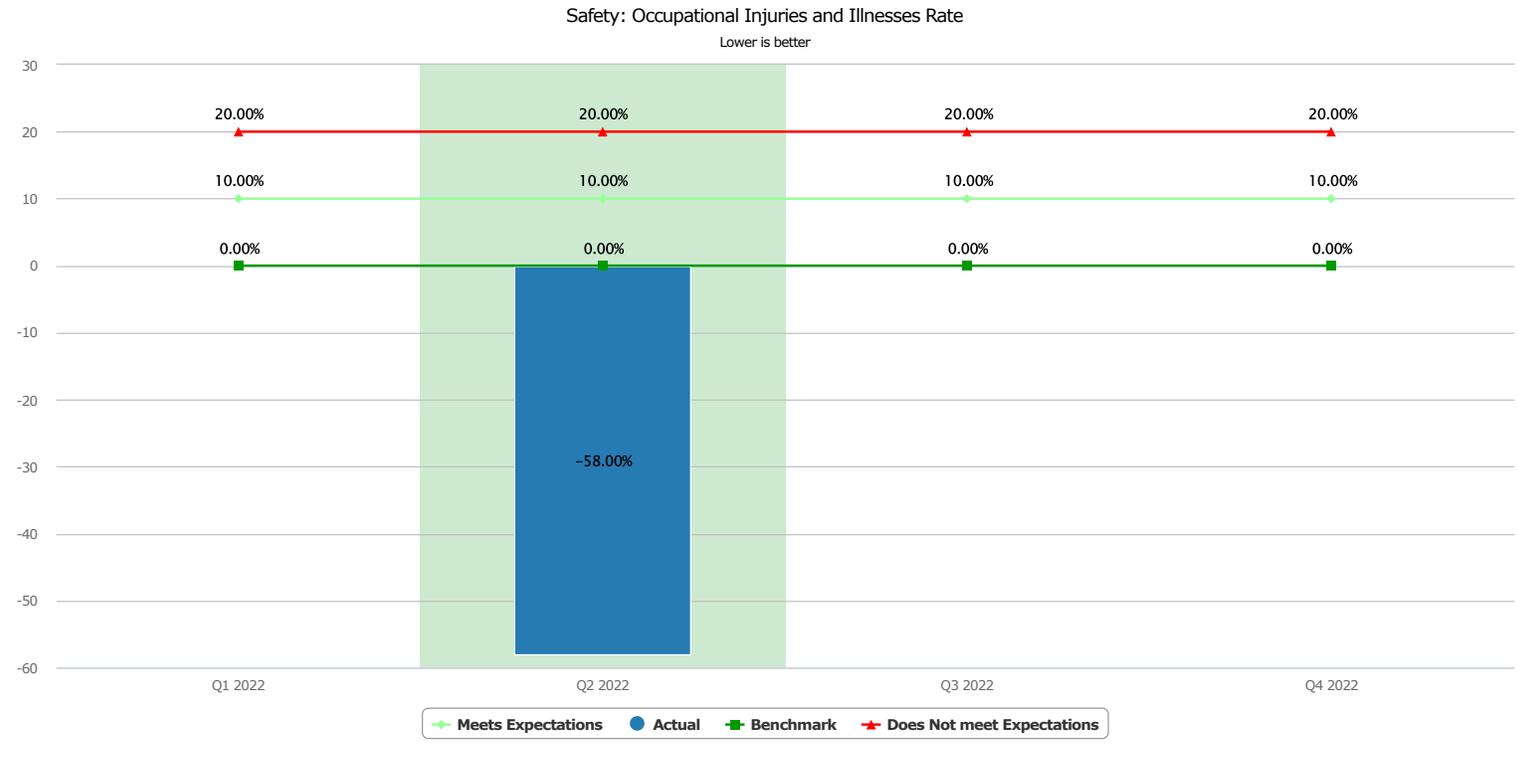
Reported as: Numerical rating to two decimals

Target Range: +/-10% of Benchmark

MEASURE PERFORMANCE

The mid-year 2022 result is 58% below benchmark.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

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

MEASURE DESCRIPTION

Strategic Objective Supported: Demonstrate Environmental Stewardship

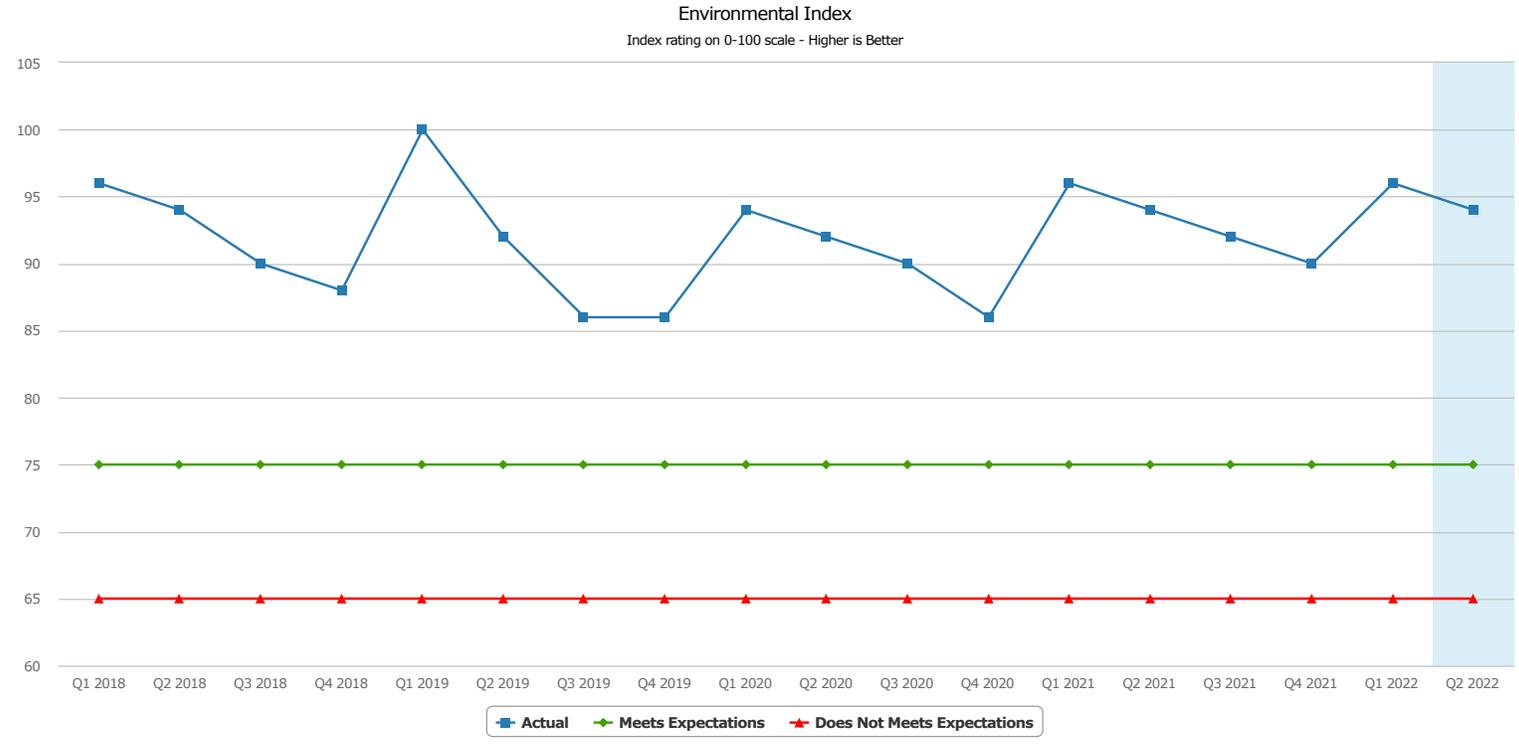
Reported as: year-to-date score

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

MEASURE PERFORMANCE

The mid-year 2022 result is 94.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- There were three regulatory agency inspections in the 2nd quarter.
- There was one deduction to the Index in the 2nd quarter in the "minor violation" category as a result of a warning letter from the Colorado Department of Public Health and Environment (CDPHE) for noncompliance items associated with the annual Title V operating permit inspection for administrative items related to the biennial report submission.
- There were no air emissions exceedances and no reportable sanitary sewer overflows in the 2nd quarter.



Date: Sep. 28, 2022
To: Utilities Board
From: Aram Benyamin, Chief Executive Officer
Subject: **Excellence in Governance Monitoring Report**
Utilities Board/Chief Executive Officer Partnership Expectations (E-2)

Desired Action: Monitoring

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

September 2022 Water Outlook using data as of August 31, 2022

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

2022 Demands: August use averaged 90.6 million gallons per day (MGD), which was about 9.2% less than last August. Year to date demand is averaging 66.6 MGD, which is 2.4% more than last year at this time. Temperatures in August were above the thirty-year average at 71.7 degrees Fahrenheit, which was 1.5 degrees above normal. Year to date temperatures have averaged 53.9 degrees Fahrenheit, which is 1.2 degrees above normal. Total precipitation for August was 1.8 inches, which was 61.5% of normal. Year to date precipitation is 12.2 inches, which is 92.2% of normal.

Current Reservoir Levels: Local storage is currently at about 48,640 acre-feet (74% of capacity). The 1991-2021 average is 80% of capacity. Rampart Reservoir is at 79% of capacity, and Pikes Peak storage is at 65% of capacity. System wide, total storage is about 201,100 acre-feet (78% of capacity). Last year at this time, total system wide storage was 80% of capacity. It was about 79% at this same time in 2020, about 86% of capacity in 2019, about 79% of capacity in 2018, about 91% of capacity in 2017, about 86% of capacity in 2016, about 89% of capacity in 2015, about 80% of capacity in 2014, and about 56% in 2013. The 1991-2021 average system wide storage for the end of August is 80% of capacity.

Water Supply Outlook: Some drought status still remains across Colorado, but conditions have improved. The 12-week Evaporative Drought Demand Index (EDDI) shows mixed wet and dry

signals in Colorado. The three-month climate outlook continues to predict much higher chances of above-average temperatures and higher chances of below-average precipitation. We continue to closely monitor supply, 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 slightly below average for the end of August. Local storage contains about 252 days of demand.

Electric Cost Adjustment (ECA)

As of Aug. 30, 2022, the ECA under collection balance was \$12.7 million. The under-collection balance changed by \$5.0 million from the \$17.7 million under collection balance reported last month. At the Sept. 27, 2022 City Council meeting, Colorado Springs Utilities proposed an ECA rate of \$0.0462, per kWh effective Oct. 1, 2022. Springs Utilities will continue to provide regular updates to the Utilities Board as appropriate.

Gas Cost Adjustment (GCA)

As of Aug. 30, 2022, the GCA under collection balance was \$11.8 million. The under-collection balance changed by \$0.2 million from the \$12.0 million under collection balance reported last month. At the Sept. 27, 2022 City Council meeting, Colorado Springs Utilities proposed a GCA rate of \$0.7775, per Ccf effective Oct. 1, 2022. Utilities will continue to provide regular updates to the Utilities Board as appropriate.

Preparation to Customers on Natural Gas Market Volatility

As of Sept. 20, 2022, the Public Affairs Department had notified approximately 180,000 customers of expected price increases to natural gas. These emails explained what customers can expect this winter with natural gas volatility and gave them tips on how they can help manage their home heating costs. Additionally, Colorado Springs Utilities provided customers with information on what we are doing as a utility to keep costs low (like using long-range tools to lock in a portion of our supply at lower rates). This email was the first step in a comprehensive plan to communicate to customers on the volatility in the natural gas market ahead of expected rate increases.



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

Water Outlook

Kalsoum Abbasi, PE

Planning Supervisor, Water Conveyance

September 28, 2022

Local Weather Conditions as of August 31, 2022

Precipitation (Inches of Moisture)

- August 2022 – 1.8 in. (61.5% of normal)
- 2022 YTD Total – 12.2 in. (92.2% of normal)

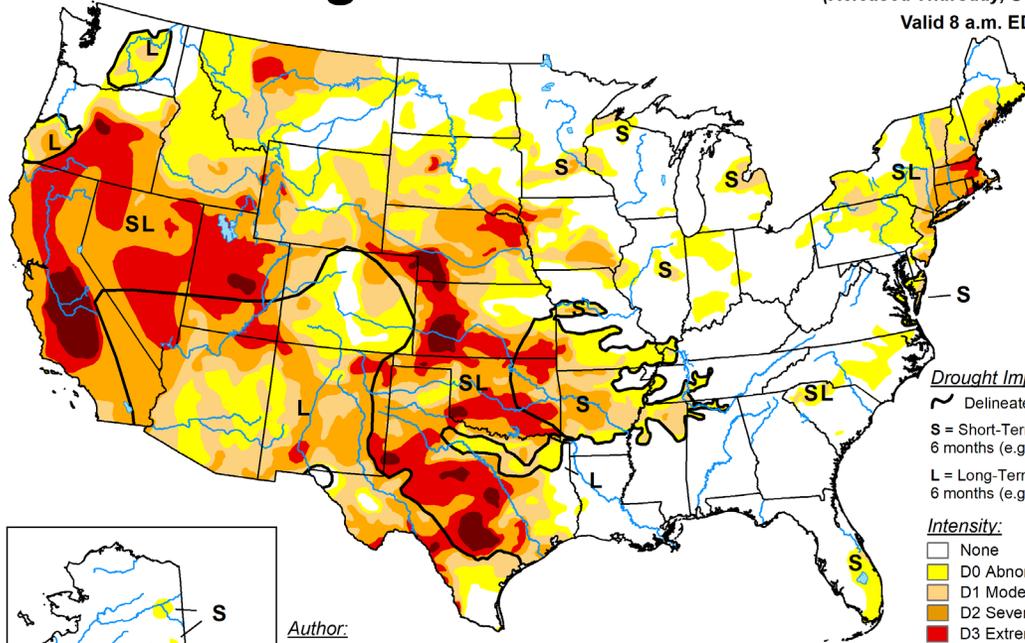
Average Temperature (Degrees F)

- August 2022 – 71.7 Deg. (1.5 deg. above normal)
- 2022 YTD Average – 53.9 Deg. (1.2 deg. above normal)



U.S. Drought Monitor

August 30, 2022
 (Released Thursday, Sep. 1, 2022)
 Valid 8 a.m. EDT



Drought Impact Types:

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

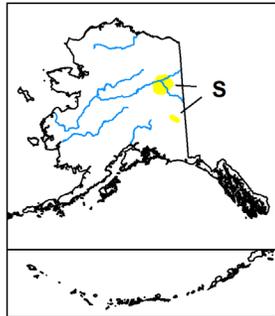
Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

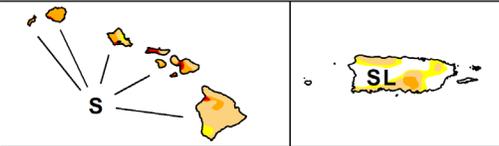
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



droughtmonitor.unl.edu



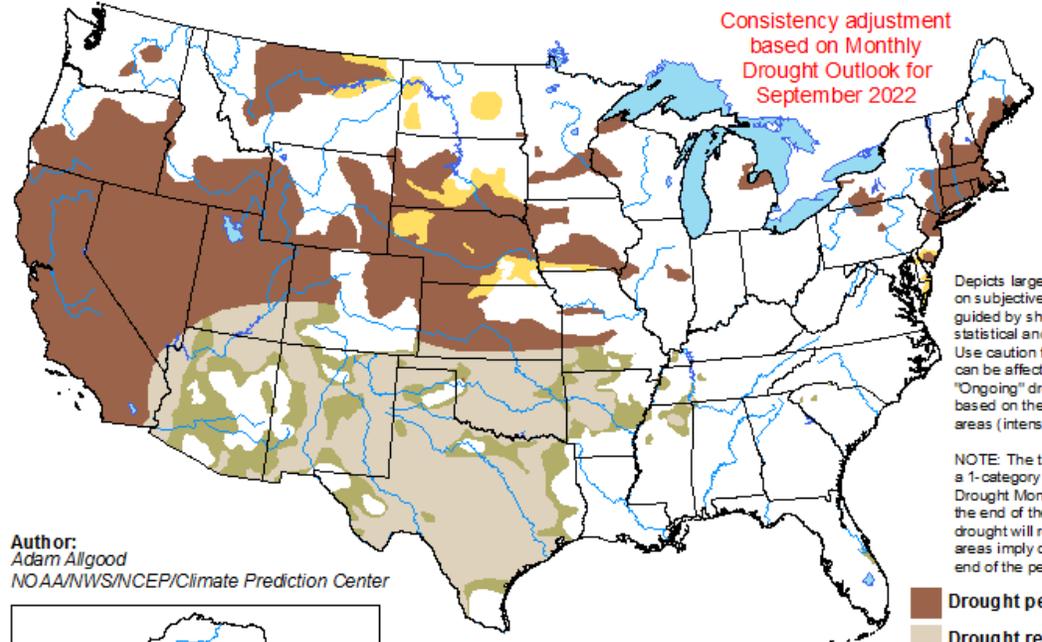
Author:
 Deborah Bathke
 National Drought Mitigation Center



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

Valid for September 1 - November 30, 2022
 Released August 31, 2022

Consistency adjustment
 based on Monthly
 Drought Outlook for
 September 2022

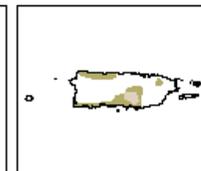
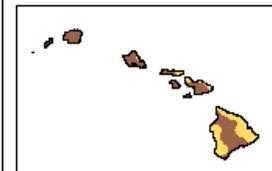
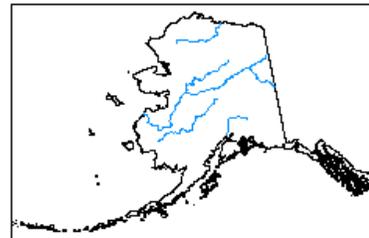


Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to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

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

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

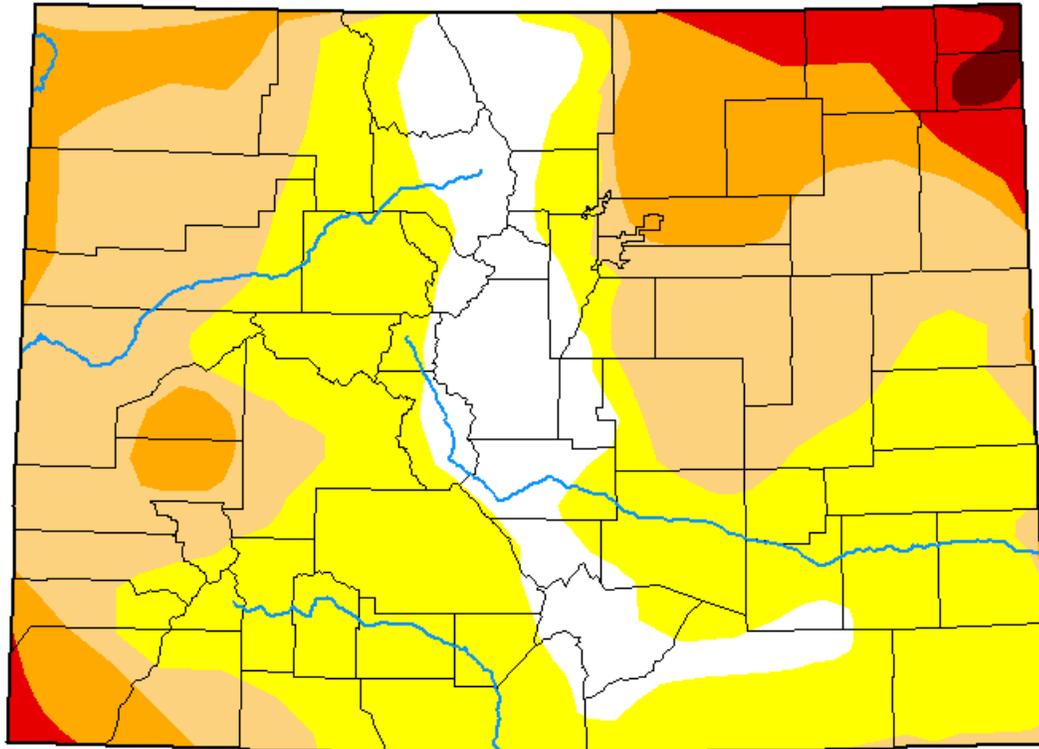
Author:
 Adam Allgood
 NOAA/NWS/NCEP/Climate Prediction Center



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

U.S. Drought Monitor Colorado

August 30, 2022
(Released Thursday, Sep. 1, 2022)
Valid 8 a.m. EDT



Intensity:

-  None
-  D0 Abnormally Dry
-  D1 Moderate Drought
-  D2 Severe Drought
-  D3 Extreme Drought
-  D4 Exceptional Drought

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

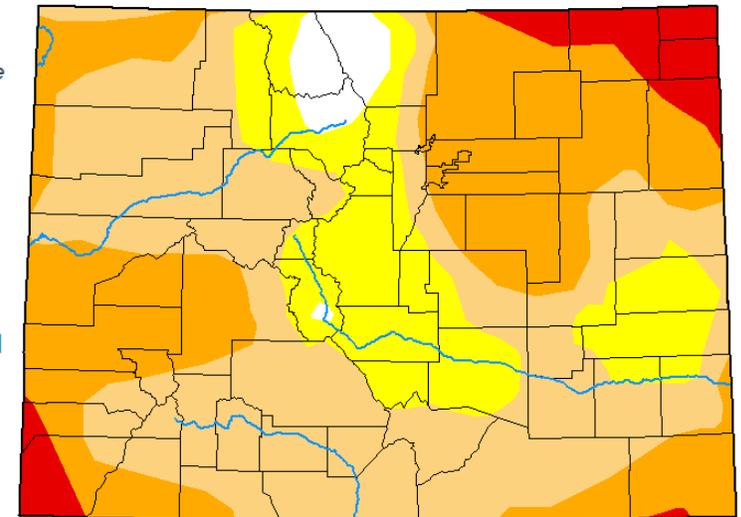
Author:

Deborah Bathke
National Drought Mitigation Center

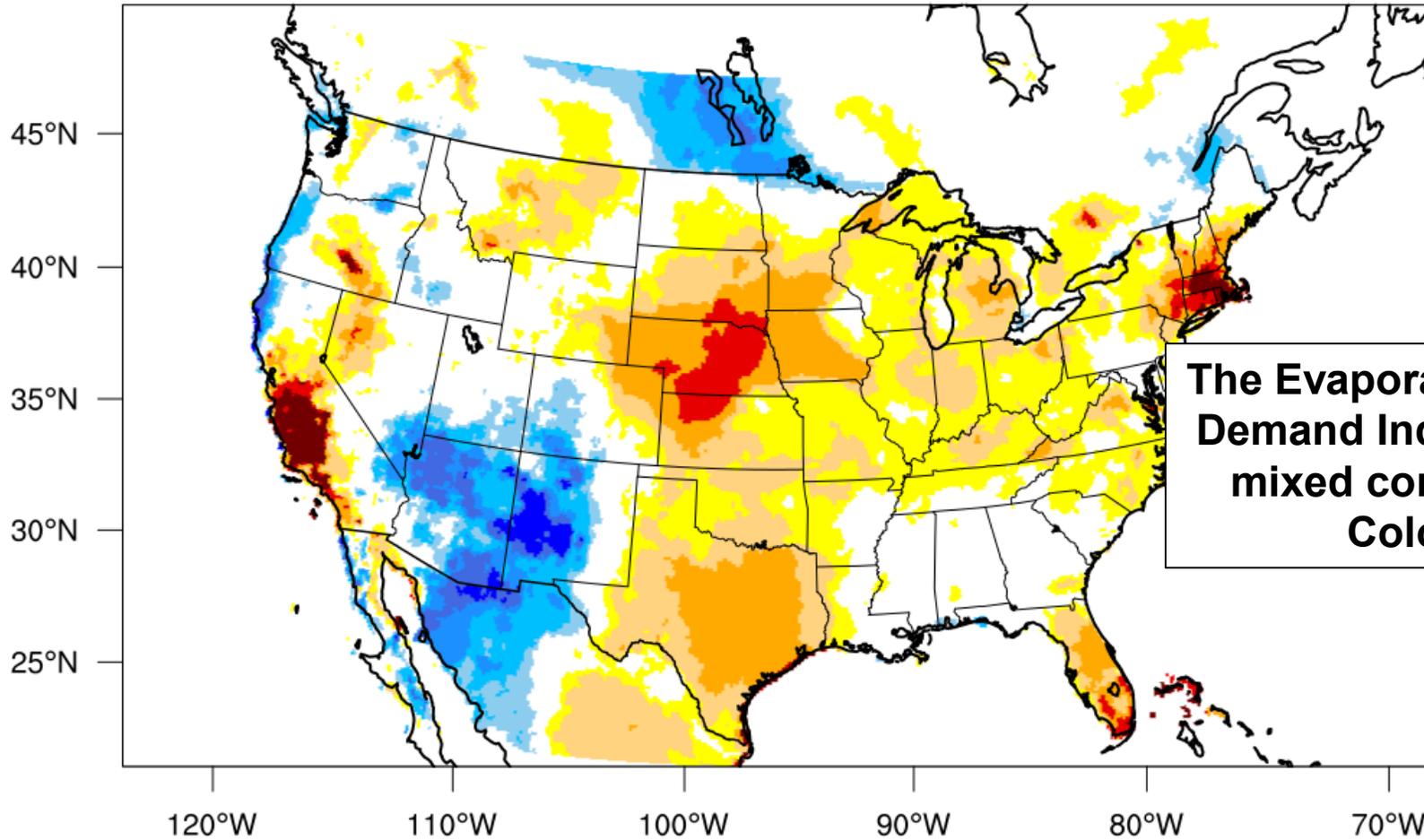


droughtmonitor.unl.edu

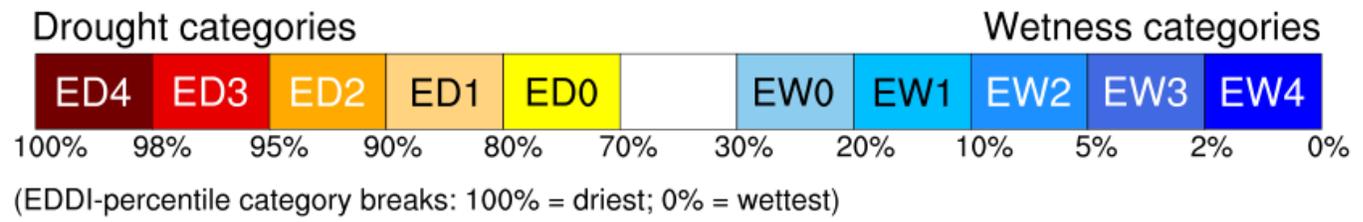
Last Month: July 26, 2022



12-week EDDI categories for August 28, 2022



The Evaporative Drought Demand Index indicates mixed conditions for Colorado



2022 Demands

August

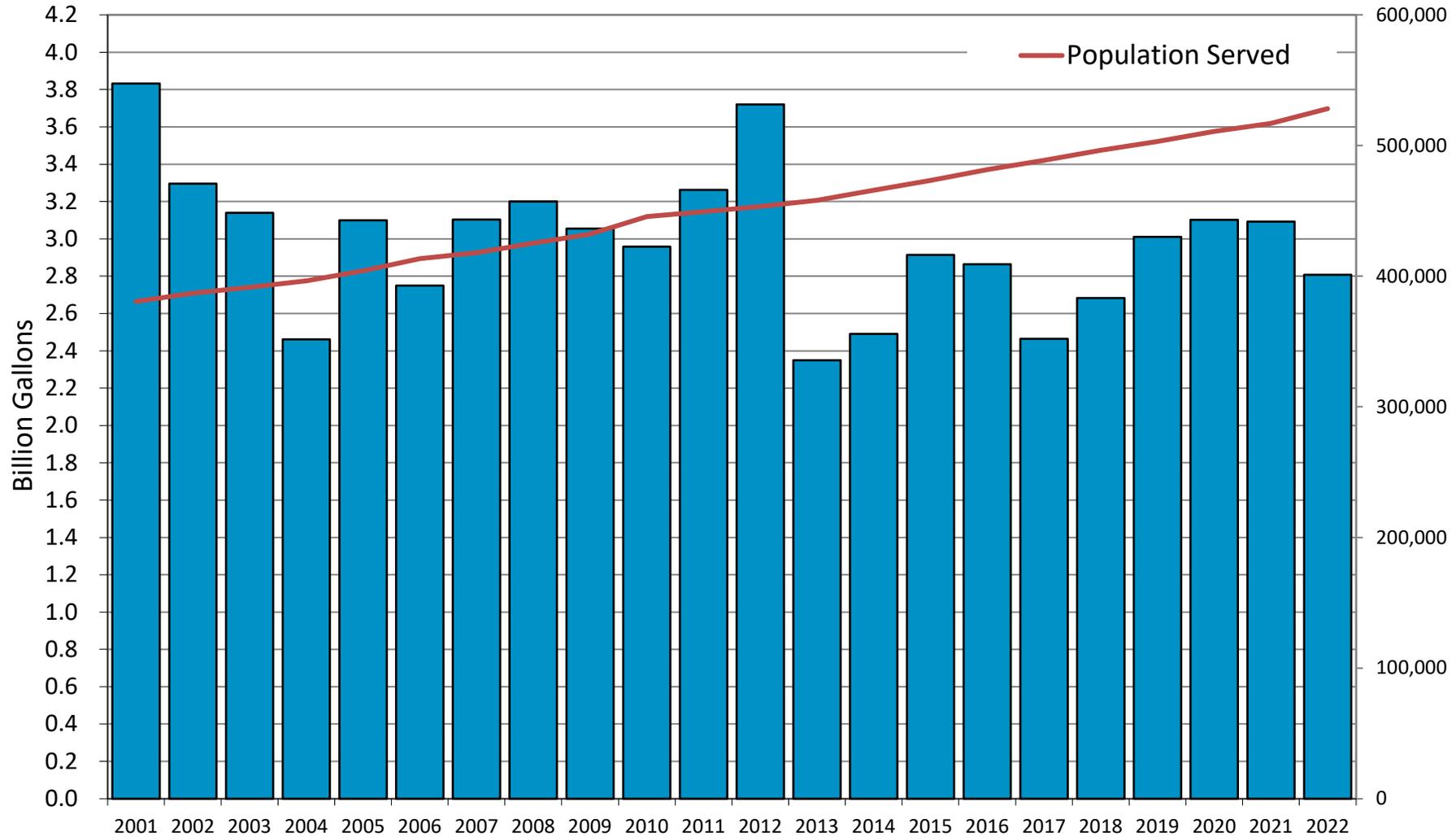
- Averaged 90.6 MGD
- 9.2% less than August 2021

2022 Year to Date

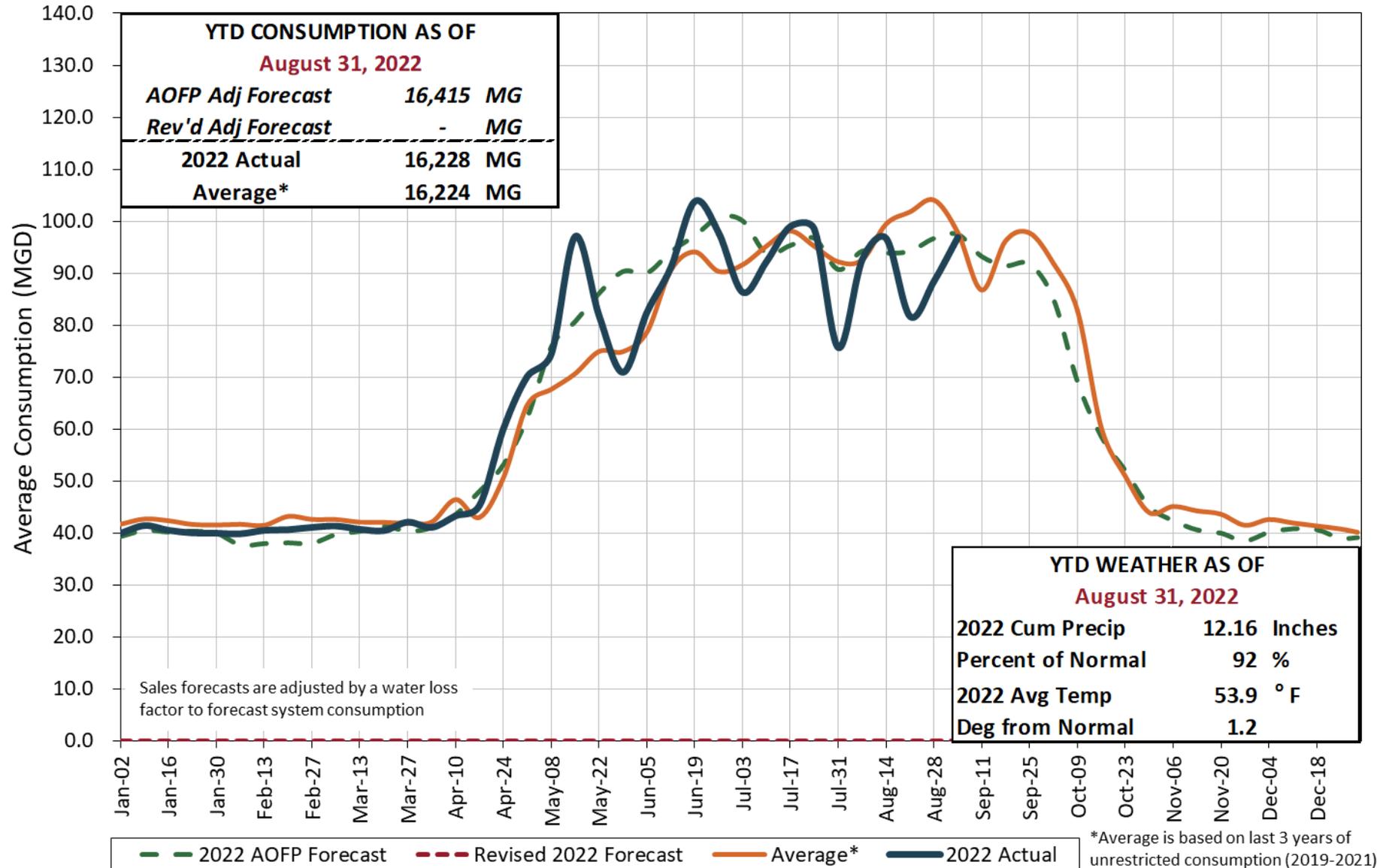
- Averaging 66.6 MGD, 16.2 BG total
 - 2.4% more than 2021
 - 0.38 Billion Gallons more than 2021



Monthly Water Use for August



2022 Actual Consumption (Weekly Data)



Reservoir Levels

August 31, 2022

- Pikes Peak 65 %
 - 91-21 Avg. 72 %
- Rampart 79 %
 - 91-21 Avg. 76 %
- Local Total 74 %
 - 91-21 Avg. 75 %
- System Total 78 %
 - 91-21 Avg. 80 %



Colorado Springs' System Wide Storage:

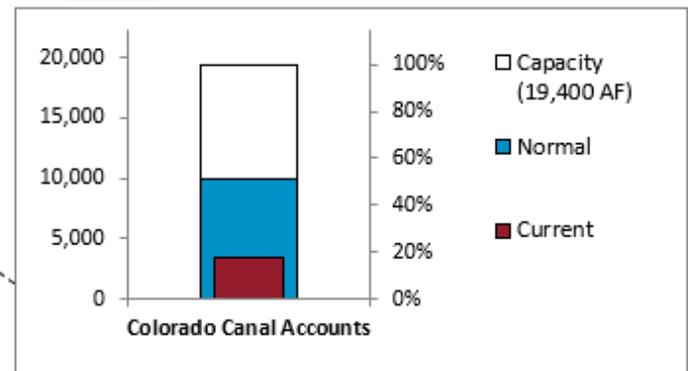
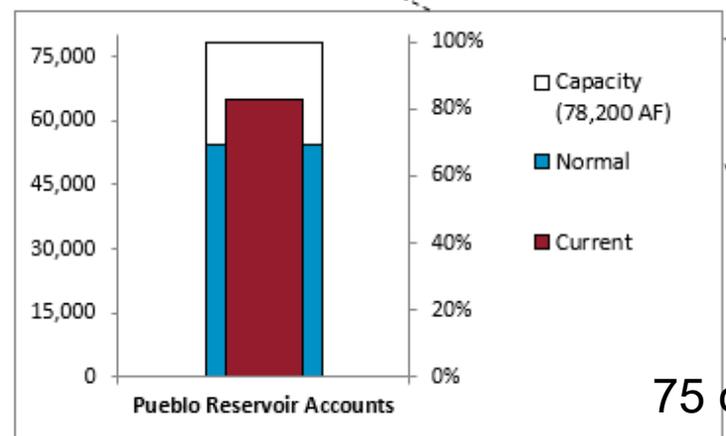
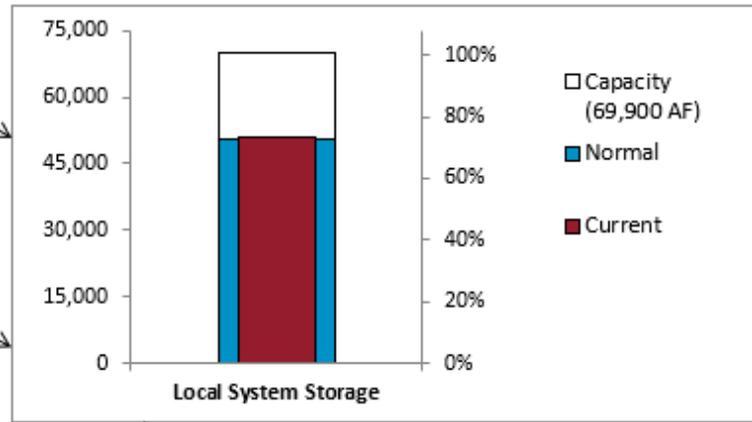
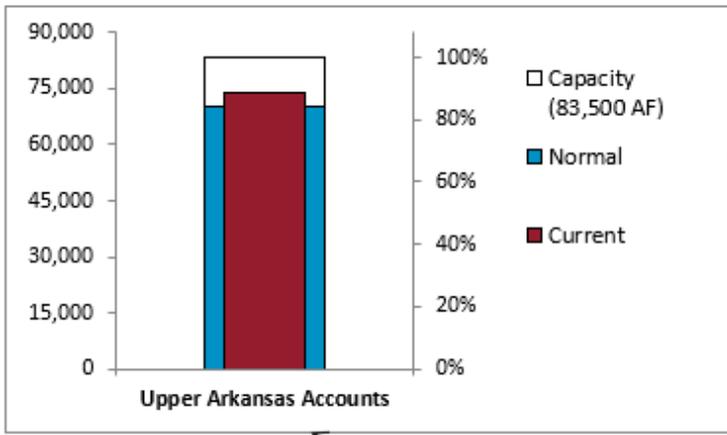
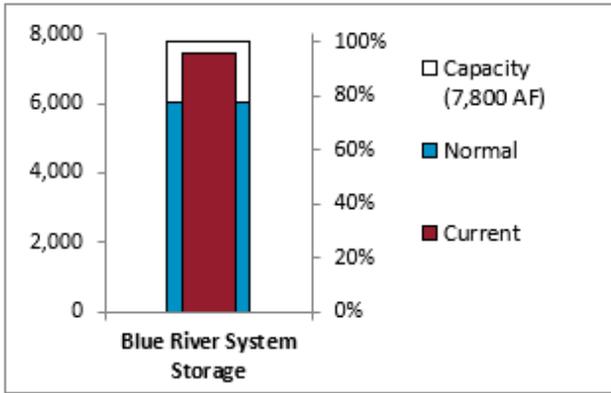
August 31, 2022 201,100 af

77.7 %

2001-2021 avg 191,800 af

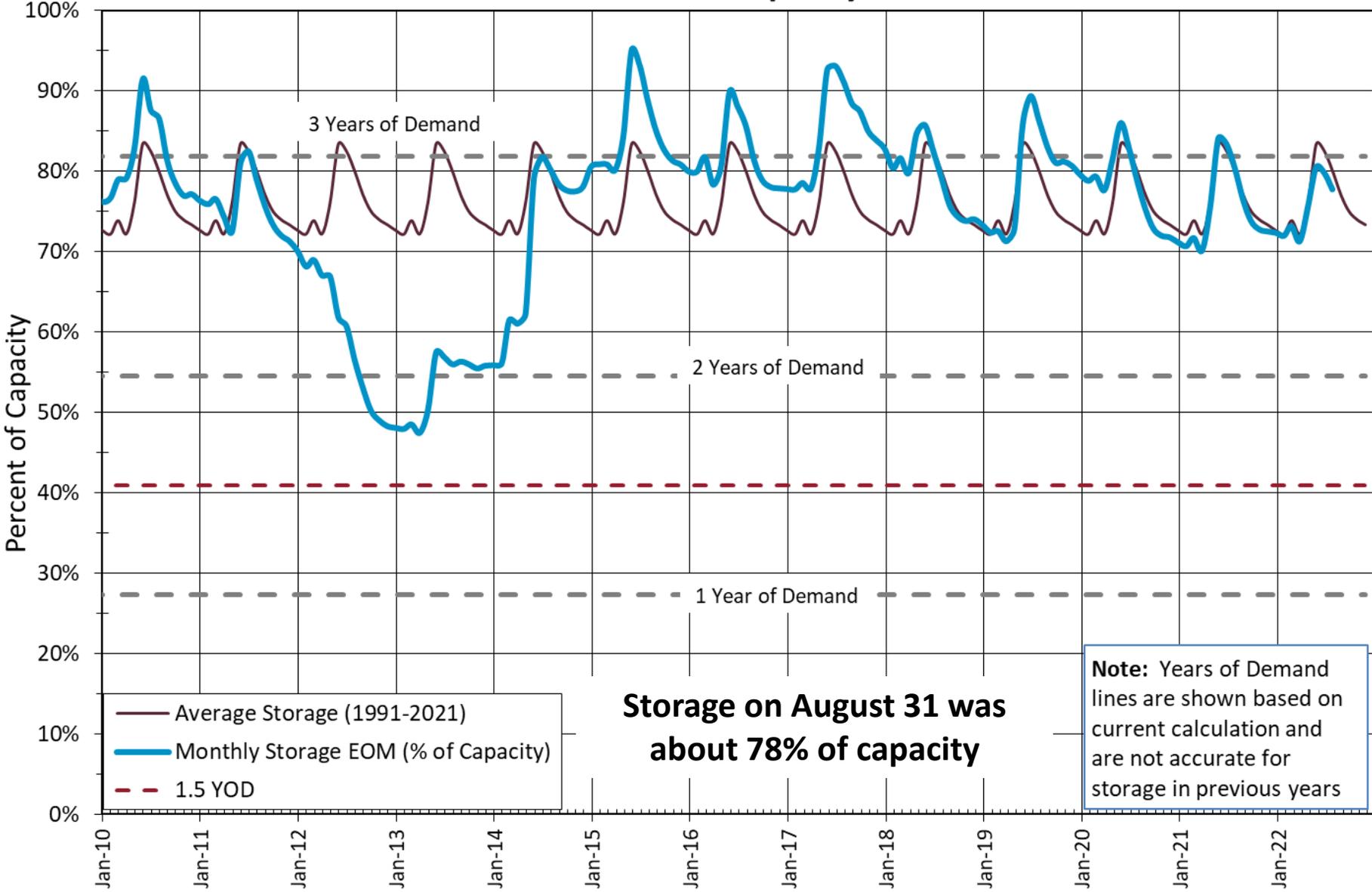
74.1 %

Average YTD Demand 66.5 MGD



75 of 160

Monthly Storage Percent of Capacity



2022 Regional Water Contracts

Donala Water & Sanitation District

- Through August 31, 2022: Conveyed 100 AF for \$386,551
- Premium to Municipal Government: \$62,425.24

Security Water District

- Through August 31, 2022: Conveyed 17.0 AF for \$82,521
- Premium to Municipal Government: \$13,754

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

- Through August 31, 2022: Leased 4.0 AF for \$2,196
- Premium to Municipal Government: \$366

Total 2022 YTD Revenue from Regional Contracts: \$471,267.91



Water Outlook

- Situation Outlook Summary
 - System-wide storage at 78% of capacity, slightly below our long-term average
 - About 2.9 years of demand in storage, based on the past 3 years of demand
 - Have 252 days of demand in local storage
- The 12-week EDDI shows mixed evaporative demands for CO; Conditions have improved but some dryness remains across the state
- Three-month outlook predicts
 - Much higher chances of above-average temperatures across Colorado
 - Higher chances of below-average precipitation across Colorado
- We continue to monitor supply, demand, and storage to maximize available water supply



Colorado Springs Utilities[®]

It's how we're all connected



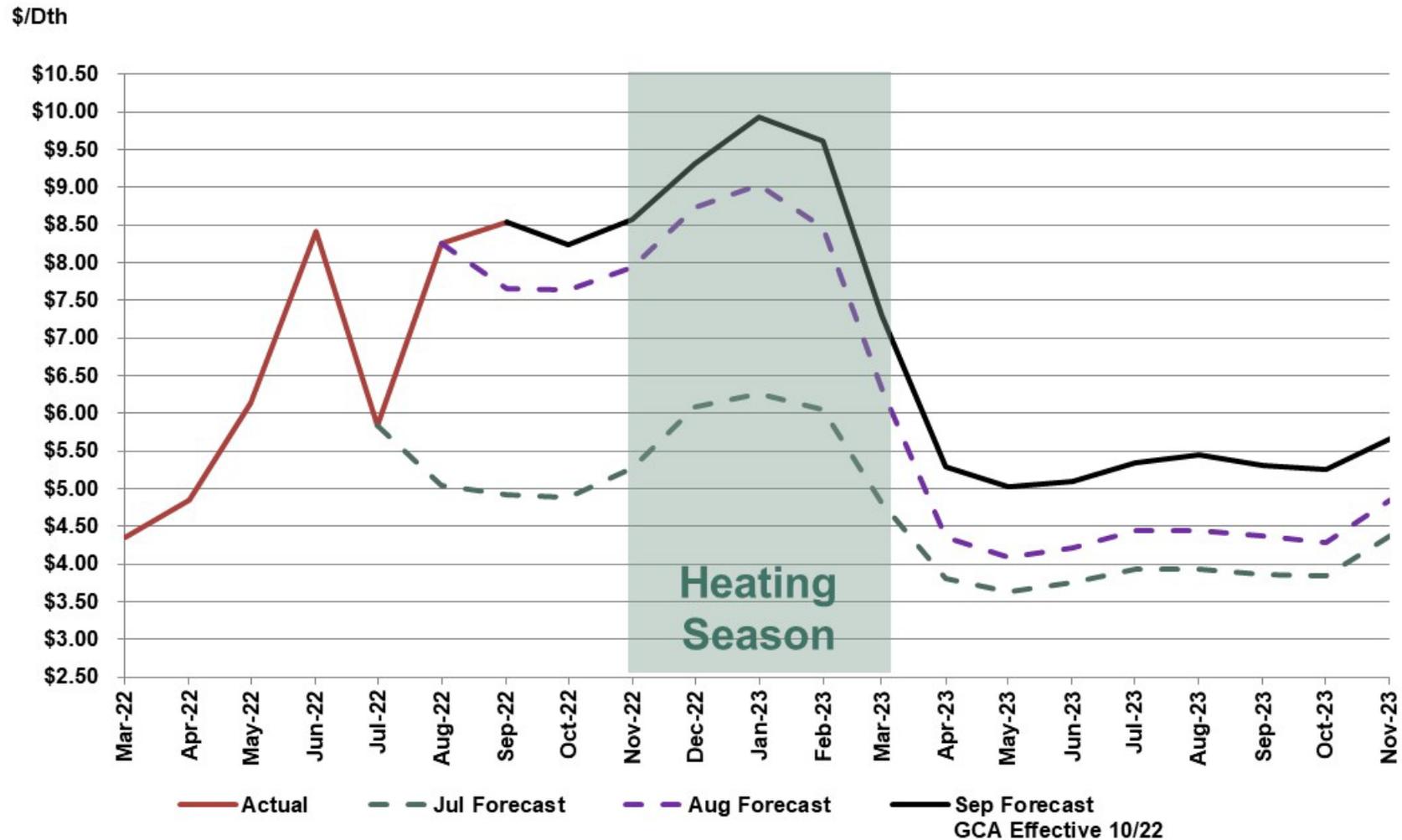
Colorado Springs Utilities
It's how we're all connected

Electric Cost Adjustment Gas Cost Adjustment

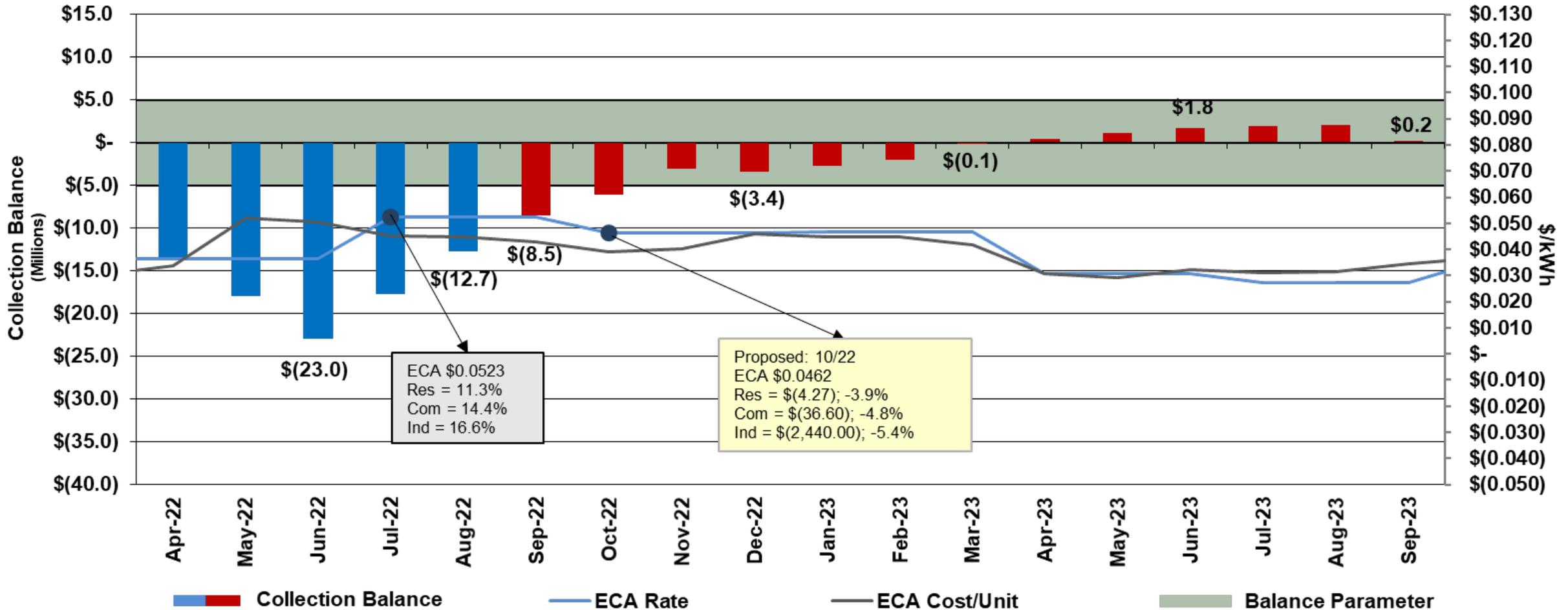
Scott Shirola, Pricing and Rates Manager

September 28, 2022

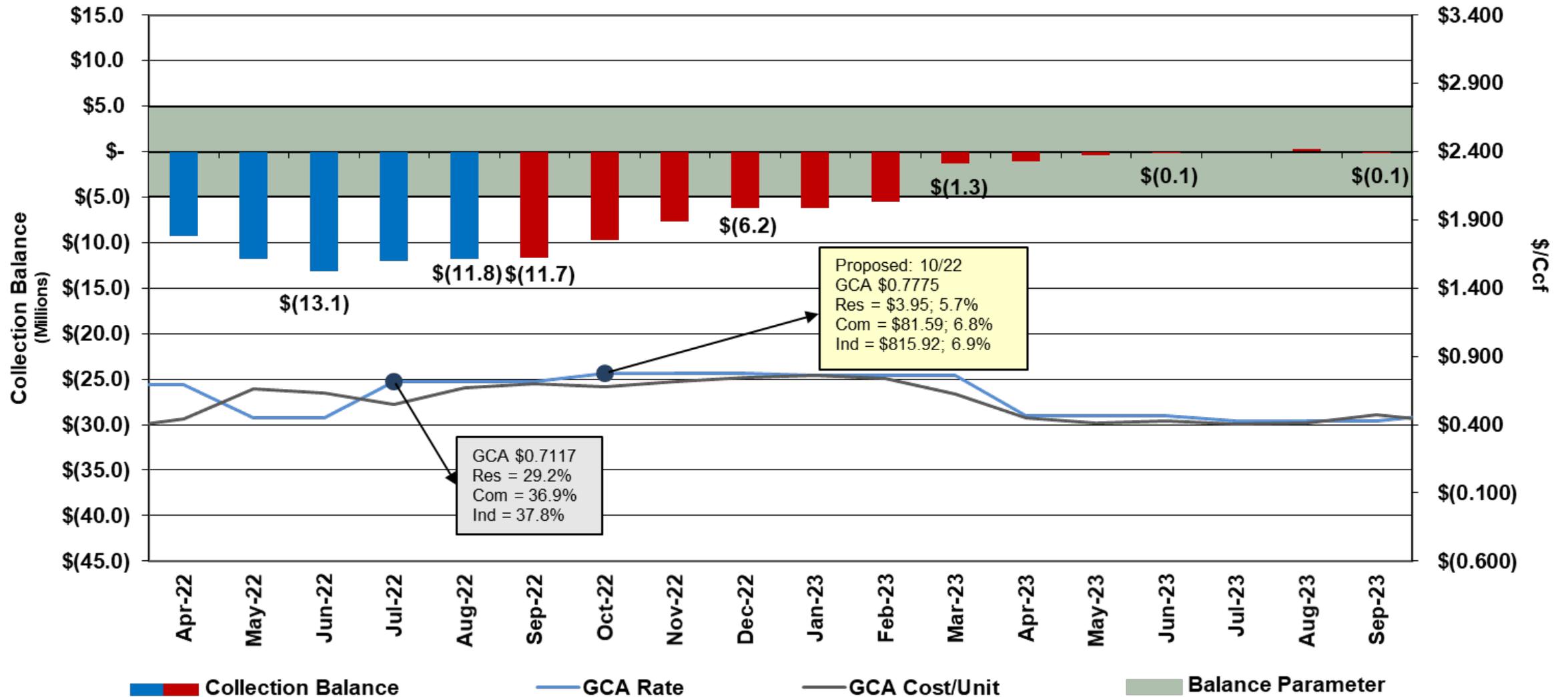
Natural Gas Prices as of September 1, 2022



ECA Projections September 2022



GCA Projections September 2022





Colorado Springs Utilities[®]

It's how we're all connected

Board Memo Agenda Item

Staff Report

Date: September 28, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: Electric and Gas Cost Adjustment Guideline Revisions

NARRATIVE:

Desired Action: Approval

Executive Summary: Colorado Springs Utilities (Utilities) Board of Directors has adopted rate Guidelines as established in the Excellence in Governance Policy Manual. Electric and Gas Cost Adjustments Guideline (G-6) was adopted in 2016 and was last revised on August 22, 2018. Utilities recommends revisions to G-6 to lengthen the collection balance refunding/recovery timeframe to 24 months when balances are within established parameters.

Benefits: Lengthening the refunding/recovery timeframe when balances are within established parameters will help to mitigate rate volatility.

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

Cost/Budget: N/A

Affected Parties: Utilities' Electric and Natural Gas Customers

Alternatives: Board to provide alternative direction.

Submitter: Scott Shirola	Email address: sshirola@csu.org
Division/ Planning and Finance	Phone number: (719) 668-8661
Department: Division/Pricing and Rates	Date submitted: 09/21/2022

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



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

Electric and Gas Cost Adjustment Guidelines (G-6)

Scott Shirola, Pricing and Rates Manager

September 28, 2022

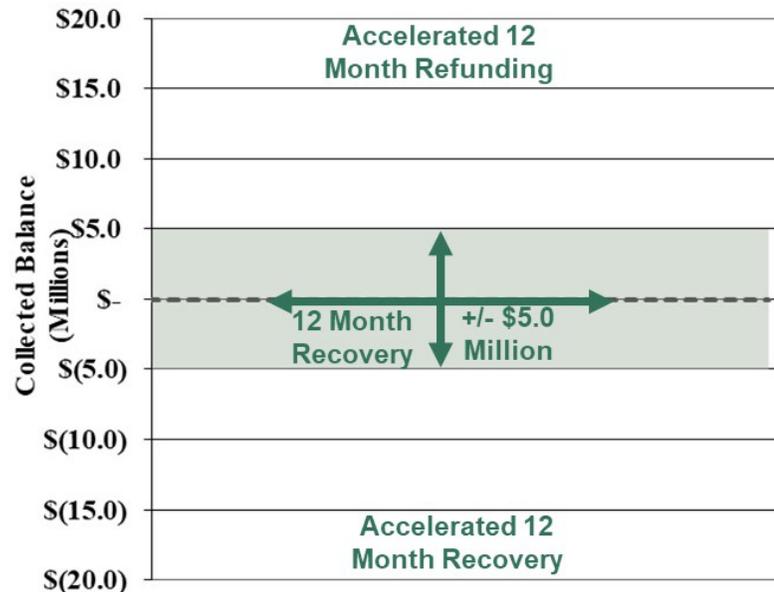
Background

- Excellence in Governance Policy – Instructions and Guidelines
 - Instruction: Pricing of Services (I-1)
 - Electric and Gas Cost Adjustments (G-6)
- Two-part Cost Adjustment Composition
 - Part one: Recovery of forecasted quarterly expense
 - Part two: True-up of over/under collected fuel cost over defined period
 - Utilities recommends and Finance Committee supports revisions to collection balance refunding/recovery guideline

Balance Refunding/Recovery Guideline

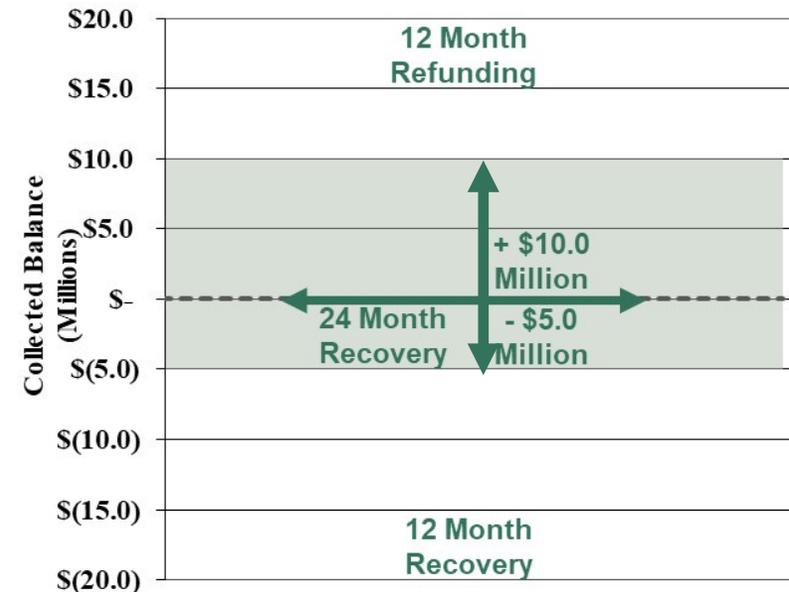
- Current Guideline

- Balances refunded/recovered over 12 Months when balances are within +/- \$5.0 million
- Accelerated refunding/recovery when balances exceed +/- \$5.0 million (multiplier)



- Revised Guideline

- Balances refunded/recovered over 24 months when balances are within +\$10.0 to -\$5.0 million
- Balances refunded/recovered over 12 months when balances exceed +\$10.0 to -\$5.0 million



Draft Guideline Revisions

GUIDELINES			
Guideline:	Electric and Gas Cost Adjustments (G-6)	Date of Adoption:	January 20, 2016
Applicable Policy Title (Number):	Pricing of Services (I-1)	Revision Date:	August 22, 2018 <u>September 28, 2022</u>
		Revision Number:	1 <u>2</u>

Electric and Gas Cost Adjustments

1. Utilities produces and purchases electricity and recovers fuel related costs through the Electric Cost Adjustment (ECA). Utilities purchases natural gas and recovers fuel related costs through the Gas Cost Adjustment (GCA).
2. Utilities Electric and Natural Gas Rate Schedules allow cost adjustment rates to be changed as often as monthly ~~Cost adjustment rates are proposed in a timely manner~~ to pass-through cost in a timely manner in order to:
 - A. Respond to fluctuations in fuel markets.
 - B. Provide a price signal to customers based on the true cost of electricity and natural gas.
 - C. Accurately reflect customer energy consumption and associated costs.

Draft Guideline Revisions - Continued

3. Rate adjustments are filed with City Council on a quarterly basis (effective January, April, July, and October) to pass-through forecasted fuel related costs.
 - A. When collected balances are within plus \$10,000,000 or minus \$5,000,000, quarterly refunding/recovery of balances will be based on the proportionate share of utilize seasonal forecast sales and target a zero-dollar collected balance at the end of a twelve24-month period.
 - B. When collected balances exceed plus \$10,000,000 or minus \$5,000,000, quarterly refunding/recovery of balances will be based on the proportionate share of forecast sales and target a zero-dollar collected balance at the end of a 12-month period.will be accelerated utilizing a multiplier:
 - i. ~~ECA multiplier of 2.0 will be applied to quarterly seasonal forecast sales.~~
 - ii. ~~GCA multiplier of 2.0 will be applied to January and October quarterly forecast sales.~~
4. Based on relevant or unexpected circumstances, Utilities may propose rate adjustments using alternative balance refunding/recovery periods.~~The Large Power and Light (ELG) electric rate is designed to attract and retain customers with a large industrial load and high load factor. The ELG Supply Credit is established as a percentage of the ECA to reflect ELG's energy cost as compared to average energy cost of the electric system. The ELG Supply Credit percentage is reviewed and adjusted annually, as necessary.~~



Colorado Springs Utilities[®]

It's how we're all connected

Board Memo Agenda Item

Staff Report

Date: September 28, 2022
To: Utilities Board
From: Aram Benyamin, Chief Executive Officer
Subject: Utilities Policy Advisory Committee (UPAC) Cost Recovery Mechanisms Assignment Draft Scope

NARRATIVE:

Desired Action: Approval

Executive Summary: Staff will propose a draft scope for an assignment on Cost Recovery Mechanisms and request approval by the Utilities Board.

The purpose of the assignment is to evaluate existing and identify new cost recovery mechanisms for funding new resources and infrastructure to support changes in our community.

On Aug. 12, 2022, the Utilities Board participated in a workshop on “Future Utilities Infrastructure Build Out Plans and Funding Sources”. Following the workshop, Board Chair Williams suggested the topic be further explored through a Utilities Policy Advisory Committee (UPAC) assignment.

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

Benefits: This assignment will help provide insight into cost recovery mechanisms to help with the Colorado Springs Utilities’ strategic objective of financial stewardship.

Board Policy: I-1 Pricing of Services; I-3 Financial Responsibility and Budgeting; I-6 Infrastructure

Cost/Budget: N/A

Affected Parties: Utilities Board members, Utilities Policy Advisory Committee members, Colorado Springs Utilities staff and customers

Alternatives: Select an alternative assignment for UPAC

Submitter: Kerry Baugh

Email address: kbaugh@csu.org

Division/ Customer and Enterprise Services/

Phone number: 719-668-3810

Department: Public Affairs Department

Date submitted: Sept. 20, 2022

SPG Staff Use Only: Consent Calendar

Yes

X

No

ITEM NO. 9



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

Utilities Policy Advisory Committee (UPAC) Cost Recovery Mechanisms Assignment Draft Scope

Colorado Springs Utilities Board
September 28, 2022

Cost Recovery Mechanisms Assignment Draft Scope

Evaluate existing and identify new cost recovery mechanisms for funding new resources and infrastructure to support changes in our community.

Incorporate public feedback into any recommendation.



Assignment Purpose and Need

Continued changes within and outside City limits will require investment in new Utilities resources and infrastructure.

- During the assignment, UPAC will:
 - Review current situation, cost recovery mechanisms and benchmark other utilities' resource and infrastructure cost recovery methodologies.
 - Review Utilities' Integrated Resource Plans and new considerations related to changes in our community
 - Evaluate potential cost recovery mechanisms to accommodate these changes
 - Request input from the City of Colorado Springs and other stakeholders
 - Oversee public outreach related to the assignment

Objectives for Cost Recovery Mechanisms

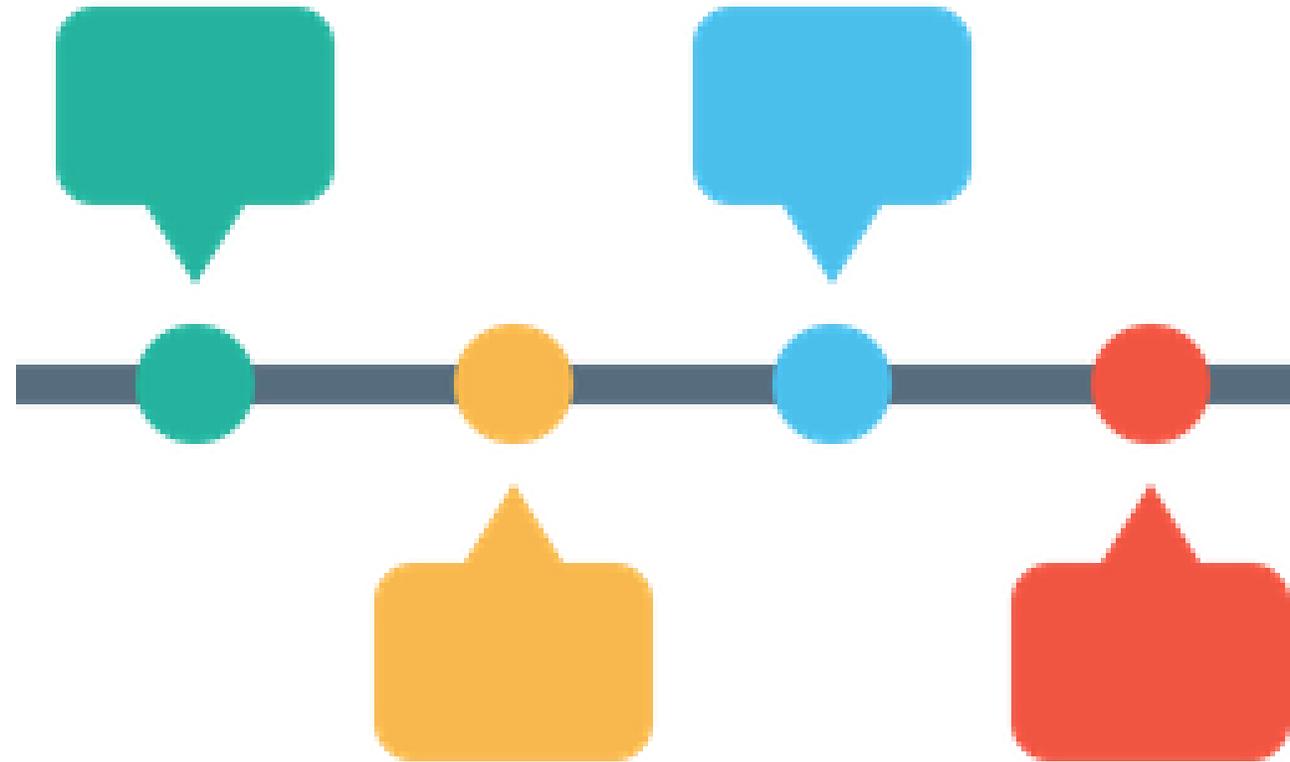
- Maintain fiscal stability of the enterprise
- Maintain targeted financial metrics
- Base recovery mechanisms on the cost of service
- Remain competitive
- Maintain financial viability of each separate regulated service
- Minimize risks
- Align with City's and the Enterprise's strategic goals
- Align with Utilities Integrated Resource plans
- Support resource and economic efficiency
- Allocate costs to appropriate parties

Assignment Preliminary Timeline

**October 5, 2022 UPAC Meeting –
Assignment kick-off**

**February 15, 2023 Utilities Board
Meeting – UPAC assignment
update**

**June 21, 2023 Utilities Board
Meeting – UPAC assignment
recommendation**





Colorado Springs Utilities[®]

It's how we're all connected

Board Memo Agenda Item

Staff Report

Date: September 28, 2022

To: Utilities Board

From: Aram Benyamin, Chief Executive Officer

Subject: Bent County Intergovernmental Agreement (IGA)

NARRATIVE:

Desired Action: Discussion

Executive Summary: Colorado Springs Utilities desires to acquire water rights from agricultural interests that have been historically used for irrigation within Bent County, Colorado and change them to include municipal and industrial uses. The County has designated the efficient utilization of municipal and industrial water projects as an activity of state interest, and the permanent cessation of irrigation as an area of state interest, as set forth in the County's 1041 Regulations. Colorado Springs Utilities and the County recognize that it is in their interests to work collaboratively to enter into an intergovernmental agreement that enables Springs Utilities to develop up to 15,000 acre-feet, on an average annual basis, for all municipal and industrial purposes, in lieu of, and without the need for obtaining a permit under the County's 1041 Regulations; and mitigate the impacts of water development on the County. Bent County approved this intergovernmental agreement (IGA) on Sept. 1, 2022.

Benefits: Meet the water supply demands of a growing population, mitigate against current and future water supply risks and diversify its water supply portfolio.

Board Policy: I-7 (Water Supply Management)

Cost/Budget: Monetary mitigation as identified in the IGA, under Covenants and Agreements, Section II. Upfront and Per Acre-Foot Mitigation and Other Payments.

Affected Parties: Bent County and the City of Colorado Springs.

Alternatives: N/A

<p>Division/ Department: Abigail Ortega, Manager, SPP, Water Resource Planning</p>	<p>Email address: ajortega@csu.org</p> <p>Phone number: (719) 668-8748</p> <p>Date submitted: September 1, 2022</p>
---	--

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



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

Bent County Intergovernmental Agreement (IGA)

Abigail Ortega, Manager Water Resource Planning
September 28, 2022

Goals of Agreement (IGA)

- In 2018 Colorado Springs Utilities and Bent County began discussions on how future water projects could be developed to preserve and enhance the local economy.
- Goals:
 - Meet the requirements for Bent County 1041 permits
 - Provide Bent County appropriate mitigation as Springs Utilities develops additional water supply within the County.
 - Provide Springs Utilities an identified path and process to receive Bent County approval of future water supply projects.
 - Protect, preserve, and enhance Bent County economy.
 - Do the above while respecting the private property rights of farmers.

Key Terms

- Will apply to 15,000 AF of **new** water supply, delivered to Colorado Springs system in either Colorado Canal or Pueblo Reservoir.
- Parcels enrolled in Water Sharing Program will not participate in more than two consecutive years.
- Limited amount of acreage may be removed from irrigation permanently.
- Bent County will have the opportunity to participate in water storage and water supply projects that Springs Utilities develops within the County.
- Bent County will become signatories to the Arkansas Valley Preservation Principles.

Key Terms

- Monetary mitigation
 - Springs Utilities will reimburse Bent County for its expenses incurred in negotiating the IGA.
 - Springs Utilities will make an upfront payment of \$2,500,000.
 - Springs Utilities will make two payments to Bent County as it develops new projects.
 - For economic mitigation
 - The funds will be released to the County when water is successfully delivered into Colorado Springs system.
 - Spring Utilities will pay Bent County a perpetual per acre-foot payment for water developed and delivered under the IGA.

Next Steps

- Bent County approved IGA on Sept. 1, 2022
- Consideration by City Council on Oct. 11, 2022
- Once signed, Springs Utilities will submit Wertz Project for first approval under the IGA.



Colorado Springs Utilities[®]

It's how we're all connected

A RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT BY AND BETWEEN THE CITY OF COLORADO SPRINGS, COLORADO, ACTING BY AND THROUGH ITS ENTERPRISE COLORADO SPRINGS UTILITIES, AND BENT COUNTY, COLORADO

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

WHEREAS, in order to meet the water supply demands of a growing population, mitigate against current and future water supply risks, and diversify its water supply portfolio, all consistent with Utilities’ Integrated Water Resources Plan, Utilities desires to acquire water rights from agricultural interests that have been historically used for irrigation within Bent County, Colorado (the “County”) and change them to include municipal and industrial uses; and

WHEREAS, in the past, the acquisition and change of use of agricultural water rights to municipal and industrial uses have required municipal entities to dry up and permanently remove from production historically irrigated agricultural lands, which can have adverse impacts on agricultural communities including, but not limited to, the loss of farm production and income, loss of tax revenues, loss of farming jobs, and loss of farm-related jobs and industries; and

WHEREAS, pursuant to authority granted by, *inter alia*, § 24-65.1-101, *et seq.*, C.R.S.; § 30-28-101, *et seq.*, C.R.S.; § 30-28-201, *et seq.*, C.R.S.; § 29-20-101, *et seq.*, C.R.S., and § 24-32-111, C.R.S., the County has adopted Guidelines and Regulations for Areas and Activities of State Interest, County of Bent, State of Colorado (the “County’s 1041 Regulations”); and

WHEREAS, the County has designated the efficient utilization of municipal and industrial water projects as an activity of state interest, and the permanent cessation of irrigation as an area of state interest, as further set forth in the County’s 1041 Regulations; and

WHEREAS, pursuant to § 1.108 of the County’s 1041 Regulations, “No Person may undertake or engage in Development in Designated Areas of State Interest, or any activities of state interest designated in these Regulations, wholly or partially within the unincorporated areas of Bent County, without first applying for and obtaining from Bent County either a permit or a ‘Finding of No Significant Impact’ pursuant to these Regulations”; and

WHEREAS, under § 3.201 of the County's 1041 Regulations, "Upon the request of the state or federal Government, as defined by Section 29-1-202(1), C.R.S., including any political subdivision of the state, as defined in Section 29-1-202(2), C.R.S., proposing to engage in a Matter of State Interest, the requirements of the Guidelines and Regulations may be met by the approval of an intergovernmental agreement between the County and the Government Applicant."; and

WHEREAS, Utilities and the County recognize that it is in their interest to pursue water development strategies that, consistent with the Colorado Water Plan, seek to minimize the permanent cessation of irrigation and emphasize alternative transfer or water sharing methods that avoid or reduce the permanent dry-up of irrigated agricultural land in Bent County; and

WHEREAS, both Utilities and the County recognize that it is in their interests to avoid the time, expense, and uncertainty of litigation, while reserving all rights, and instead work collaboratively to enable Utilities to utilize water rights historically used for irrigation of lands in Bent County for municipal and industrial purposes in a manner that minimizes the permanent cessation of irrigation and appropriately mitigates the impacts of water transfers on Bent County; and

WHEREAS, Utilities and the County desire to enter into the attached intergovernmental agreement that (1) enables Utilities to develop up to fifteen thousand (15,000) acre-feet, on an average annual basis, for all municipal and industrial purposes, from agricultural water rights historically used in Bent County, in lieu of, and without the need for obtaining a permit under the County's 1041 Regulations; and, in exchange, (2) satisfy the requirements of the County's 1041 Regulations and appropriately mitigate the impacts of water development on the County; and

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

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

Section 1. The City Council hereby finds that approval of the attached Intergovernmental Agreement by and between the County of Bent and the City of Colorado Springs, acting by and through its enterprise Colorado Springs Utilities, is in the best interests of the citizens of the City of Colorado Springs and the ratepayers of Colorado Springs Utilities, and hereby approves the attached Intergovernmental Agreement.

Section 2. The City Council hereby authorizes the Chief Executive Officer of Colorado Springs Utilities, or his designee, to execute the attached Intergovernmental Agreement on behalf of Utilities.

DATED at Colorado Springs, Colorado, this _____ day of _____, 2022.

ATTEST:

Council President

Sarah B. Johnson, City Clerk

Board Memo Agenda Item

Staff Report

Date: September 28, 2022
To: Utilities Board
From: Aram Benyamin, Chief Executive Officer
Subject: Resolutions Approving Water Rights Acquisitions

NARRATIVE:

Desired Action: Discussion

Executive Summary: Colorado Springs Utilities has entered into two separate Purchase and Sale Agreements to acquire water shares in the Fort Lyon Canal Company. The first transaction will be for 80 shares, which will yield an average of 80 acre-feet per year and the right to use an additional 105 shares three out of every 10 years as well as water delivery easements on the property. The second transaction is for 2,919 shares which will yield an average of 2,919 acre-feet per year, 644.67 acres of real property, as well as facilities, easements, real property covenants, and agreements necessary for Springs Utilities to use the water derived from the shares.

Benefits: This project is consistent with policy direction contained in Springs Utilities' 2017 Integrated Water Resource Plan and the Colorado Water Plan to pursue municipal water supply in a way that maintains the viability of agriculture in communities of the Lower Arkansas Basin.

Board Policy: I-7 Water Resource Management

Cost/Budget: The cost of the first transaction is \$724,750.00 and the cost of the second transaction is \$27,085,175.00.

Affected Parties: Existing and future customers of Colorado Springs Utilities

Alternatives: Authorize Colorado Springs Utilities to bring resolutions for both transactions to City Council for consideration at its Oct. 11, 2022, meeting.

Submitter: Abigail Ortega, Manager

Email address: ajortega@csu.org

Division/ System Planning & Projects and

Phone number: 719-668-8748

Department: Water Resources Management

Date submitted: September 1, 2022

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 11



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

Resolutions Approving Water Rights Acquisitions

September 28, 2022

Abby Ortega, PE, Manager, Water Resources Management

Vicinity Map



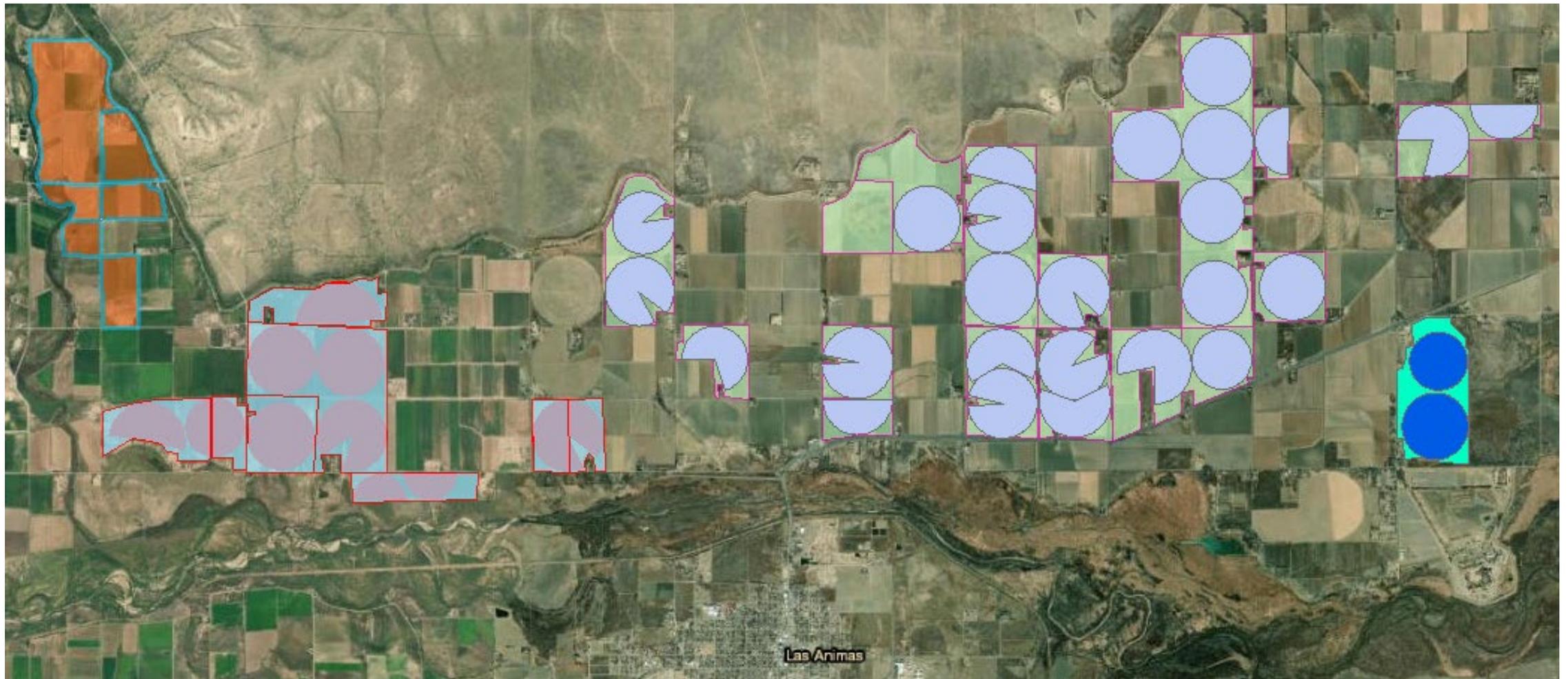
Transaction 1 Overview

- Purchase 80 Fort Lyon Canal Company shares
 - Convert property from flood irrigation to sprinkler pivot irrigation
 - Purchase 80 shares from corner parcels
- Purchase right to use 105 shares
 - Ability to use additional shares in 3 out of every 10 years
- Acquire Easement to deliver water
- Total cost is \$724,750 plus additional mitigation

Transaction 2 Overview

- Purchase 2,919 Fort Lyon water shares
- Purchase 644.67 Acres of farmland in Bent County
- Acquire easements to 16 water augmentation stations
- Total cost is \$27,085,175 plus additional mitigation

Map of Properties



Project Benefits

- Provides up to 3,000 acre-feet of new Arkansas Basin water supply.
- Uses on-farm center pivot efficiency upgrades to yield additional water while minimizing local impacts
- Includes infrastructure that will be necessary for an expanded Water Sharing program with Fort Lyon Canal Company

Next Steps

- Consideration of resolutions by City Council on October 11, 2022
- Complete Due Diligence
- Close on both transactions by end of 2022
- Water may immediately be transferred for municipal use through administrative approval process
- Will require local approvals and Water Court decree for Change of Use and Exchange into Utilities system



Colorado Springs Utilities[®]

It's how we're all connected

RESOLUTION NO. ____ - 22

A RESOLUTION AUTHORIZING THE PURCHASE OF FORT LYON CANAL COMPANY STOCK OWNED BY ARKANSAS RIVER FARMS, LLC FOR COLORADO SPRINGS UTILITIES AND AUTHORIZING THE FILING OF WATER COURT APPLICATIONS FOR CHANGES OF WATER RIGHTS AND APPROPRIATIVE RIGHTS OF EXCHANGE

WHEREAS, Colorado Springs Utilities' ("Utilities"), an enterprise of the City of Colorado Springs (the "City") recent water supply planning documents, including its Integrated Water Resources Plan, demonstrate that Utilities needs additional water supplies, including supplies derived from the Arkansas River Basin, to meet an approximately 40,000 annual acre-foot supply gap based on the reasonably anticipated future demands of its customers over a reasonable planning period; and

WHEREAS, consistent with the Colorado Water Plan and the acquisition strategies outlined in the Integrated Water Resource Plan, Utilities is pursuing the acquisition of water supplies from the Arkansas River Basin; and

WHEREAS, the Charter of the City of Colorado Springs § 6-50 provides: "The City shall have the authority to buy, exchange, augment, lease, own and control water and water rights"; and

WHEREAS, the City, on behalf of Utilities, and Arkansas River Farms, LLC entered into that certain Purchase and Sale Agreement dated July 5, 2022, as it may be subsequently amended (the "Purchase Agreement") for the purchase of two thousand nine hundred and nineteen (2,919) shares of stock ("FLCC Shares") in the Fort Lyon Canal Company ("FLCC"), six hundred forty-four and sixty-seven hundredths (644.67) acres of land in Bent County, sixteen augmentation station and/or recharge facilities located in Bent County, Otero County, and Prowers County, Colorado, easements or assignments of easements that allow Utilities to construct, operate, and maintain water augmentation, return flow, and recharge facilities on properties owned by ARF or third parties, and rights of first refusal to purchase additional shares in FLCC and certain properties in Bent County, Colorado (collectively, the "Property"); and a condition of the purchase and sale is that Arkansas River Farms, LLC, will encumber the underlying real property with restrictive covenants that require Arkansas River Farms, LLC, or its successors in interest to dry up and revegetate portions of their property, which will allow Utilities to fully utilize the water rights associated with the FLCC Shares; and

WHEREAS, the FLCC Shares represent an ownership interest in senior Arkansas River water rights and are anticipated to yield approximately 2,919 acre-feet of renewable and reusable water to Utilities per year; and

WHEREAS, the acquisition of the Property is in the public interest and is required to meet Utilities' water customers' long-term water demands; and

WHEREAS, the acquisition of the Subject Water Rights is further supported by Utilities' Excellence in Governance Policy Manual, Instruction No. I-7, which requires that Utilities' Chief Executive Officer "direct that new and existing water resources and systems are aggressively developed"; and

WHEREAS, acquisitions of water rights are not subject to the procedures of *The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interest* ("Real Estate Services Manual"), however, Utilities has attempted to follow the Real Estate Services Manual to the greatest extent practical; and

WHEREAS, Utilities and Arkansas River Farms, LLC agree that the purchase price to be paid by Utilities for the Property is \$27,085,175.00; and

WHEREAS, Utilities requests the approval of City Council to purchase the Property for a purchase price of \$27,085,175.00; and

WHEREAS, in order to use, reuse, and successively use the historical consumptive use water derived from the FLCC Shares and other Arkansas Basin water rights in which the City acquires an interest (collectively the "Arkansas Basin Rights"), the City, on behalf of Utilities, must change the type and place of use of such water rights and must be able to deliver such water from points on the Arkansas River and its tributaries to structures upstream in the Arkansas River Basin for subsequent delivery to its existing and future service area; and

WHEREAS, the Colorado Springs City Council has consistently directed Utilities to develop all feasible means of implementing the use, reuse, and successive use of the City's water resources; and

WHEREAS, it is technologically and economically feasible for the City, acting by and through Utilities, to change the type and place of use of the water derived from its Arkansas Basin Rights and exchange said water from points on the Arkansas River and its tributaries upstream to other structures in the Arkansas River Basin for subsequent delivery to customers in its existing and future service area; and

WHEREAS, it is necessary and desirable for the City to file applications and to obtain decrees in District Court, Water Division 2, for adjudication of changes of water rights and conditional appropriative rights of exchange that will allow Utilities to fully use, reuse, and successively use to extinction the historical consumptive use water derived from its Arkansas Basin Rights.

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

Section 1. City Council finds the acquisition of the Property to be in the public interest and in compliance with the City Charter, City Code, and all other applicable laws, and, in accordance with City Code § 7.7.1802, hereby authorizes the purchase and acceptance of the property.

Section 2. City Council authorizes the purchase of the Property from Arkansas River Farms, LLC for the agreed upon amount of up to \$27,085,175.00 with any additional closing costs.

Section 3. Utilities' Chief Executive Officer and the City's Real Estate Services Manager are authorized to execute all documents necessary to complete the acquisition of the Property and to take all steps necessary to accept the transfer of the Property to the City from Arkansas River Farms.

Section 4. City Council affirms the City's intent to fully use, reuse, and successively use to extinction the historical consumptive use water derived from its Arkansas Basin Rights through changes of water rights and conditional appropriative rights of exchange.

Section 5. The officers and staff of Utilities are hereby directed to take all actions reasonable and necessary to obtain a judicial confirmation of the changes of water rights and conditional appropriative rights of exchange described herein, including the filing of applications in District Court, Water Division 2, that change the type and place of use and will allow the City to fully use, reuse, and successively use the historical consumptive use water derived from its Arkansas Basin Rights. All actions previously taken by officials and staff on behalf of the City in the planning and furtherance of such

changes of water rights and conditional appropriative rights of exchange are hereby ratified and confirmed.

DATED at Colorado Springs, Colorado, this _____ day of October, 2022.

Council President

ATTEST:

Sarah B. Johnson, City Clerk

RESOLUTION NO. ____ - 22

A RESOLUTION AUTHORIZING THE PURCHASE OF FORT LYON CANAL COMPANY STOCK OWNED BY THADDEUS WERTZ AND SIERRA WERTZ FOR COLORADO SPRINGS UTILITIES AND AUTHORIZING THE FILING OF WATER COURT APPLICATIONS FOR CHANGES OF WATER RIGHTS AND APPROPRIATIVE RIGHTS OF EXCHANGE

WHEREAS, Colorado Springs Utilities' ("Utilities"), an enterprise of the City of Colorado Springs (the "City") recent water supply planning documents, including its Integrated Water Resources Plan, demonstrate that Utilities needs additional water supplies, including supplies derived from the Arkansas River Basin, to meet an approximately 40,000 annual acre-foot supply gap based on the reasonably anticipated future demands of its customers over a reasonable planning period; and

WHEREAS, consistent with the Colorado Water Plan and the acquisition strategies outlined in the Integrated Water Resource Plan, Utilities is pursuing the acquisition of water supplies from the Arkansas River Basin; and

WHEREAS, the Charter of the City of Colorado Springs § 6-50 provides: "The City shall have the authority to buy, exchange, augment, lease, own and control water and water rights"; and

WHEREAS, the City, on behalf of Utilities ("Utilities"), and Thaddeus Wertz and Sierra Wertz entered into that certain Purchase and Sale Agreement dated June 1, 2022 (the "Purchase Agreement") for purchase of eighty (80) shares of stock ("FLCC Shares") in the Fort Lyon Canal Company ("FLCC"), a water sharing agreement providing Utilities with the right to use water associated with an additional one hundred and five (105) FLCC shares three of every ten years ("3/10 Shares"), easements to construct, operate, and maintain augmentation and return flow facilities on Thaddeus Wertz' and Sierra Wertz' farm, and real property covenants that require Thaddeus Wertz and Sierra Wertz to dry-up and revegetation portions of their Farm (collectively, the "Property"); and

WHEREAS, the FLCC Shares and the 3/10 Shares represent an ownership interest in senior Arkansas River water rights; and

WHEREAS, the FLCC Shares are anticipated to yield approximately 80 acre-feet of renewable and reusable water to Utilities per year and the 3/10 Shares are anticipated to yield approximately 315 acre-feet of renewable and reusable water to Utilities over the course of ten years; and

WHEREAS, the acquisition of the Property is in the public interest and is required to meet Utilities' water customers' long-term water demands; and

WHEREAS, the acquisition of the Property is further supported by Utilities' Excellence in Governance Policy Manual, Instruction No. I-7, which requires that Utilities' Chief Executive Officer "direct that new and existing water resources and systems are aggressively developed"; and

WHEREAS, acquisitions of water rights are not subject to the procedures of *The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interest* (“Real Estate Services Manual”), however, Colorado Springs Utilities has attempted to follow the Real Estate Services Manual to the greatest extent practical; and

WHEREAS, Utilities and Thaddeus Wertz and Sierra Wertz agree that the purchase price to be paid by Utilities for the Property is \$724,750.00; and

WHEREAS, Utilities requests the approval of City Council to purchase the Property for a purchase price of \$724,750.00; and

WHEREAS, in order to use, reuse, and successively use the historical consumptive use water derived from the FLCC Shares, the 3/10 Shares, and other Arkansas Basin water rights in which the City acquires an interest (collectively the “Arkansas Basin Rights”), the City, on behalf of Utilities, must change the type and place of use of such water rights and must be able to deliver such water from points on the Arkansas River and its tributaries to structures upstream in the Arkansas River Basin for subsequent delivery to its existing and future service area; and

WHEREAS, the Colorado Springs City Council has consistently directed Utilities to develop all feasible means of implementing the use, reuse, and successive use of the City’s water resources; and

WHEREAS, it is technologically and economically feasible for the City, acting by and through Utilities, to change the type and place of use of the water derived from its Arkansas Basin Rights and exchange said water from points on the Arkansas River and its tributaries upstream to other structures in the Arkansas River Basin for subsequent delivery to customers in its existing and future service area; and

WHEREAS, it is necessary and desirable for the City to file applications and to obtain decrees in District Court, Water Division 2, for adjudication of changes of water rights and conditional appropriative rights of exchange that will allow Utilities to fully use, reuse, and successively use to extinction the historical consumptive use water derived from its Arkansas Basin Rights.

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

Section 1. City Council finds the acquisition of the Property to be in the public interest and in compliance with the City Charter, City Code, and all other applicable laws, and hereby authorizes the purchase and acceptance of the Property.

Section 2. City Council authorizes the purchase of the Property from Thaddeus Wertz and Sierra Wertz for the agreed upon amount of \$724,750.00 with any additional closing costs.

Section 3. Utilities Chief Executive Officer and the City's Real Estate Services Manager are authorized to execute all documents necessary to complete the acquisition of the Property and to take all steps necessary to accept the transfer of the Property to the City from Thaddeus Wertz and Sierra Wertz.

Section 4. City Council affirms the City's intent to fully use, reuse, and successively use to extinction the historical consumptive use water derived from its Arkansas Basin Rights through changes of water rights and conditional appropriative rights of exchange.

Section 5. The officers and staff of Utilities are hereby directed to take all actions reasonable and necessary to obtain a judicial confirmation of the changes of water rights and conditional appropriative rights of exchange described herein, including the filing of applications in District Court, Water Division 2, that change the type and place of use and will allow the City to fully use, reuse, and successively use the historical consumptive use water derived from its Arkansas Basin Rights. All actions previously taken by officials and staff on behalf of the City in the planning and furtherance of such changes of water rights and conditional appropriative rights of exchange are hereby ratified and confirmed.

Dated at Colorado Springs, Colorado, this _____ day of October, 2022.

Council President

ATTEST:

Sarah B. Johnson, City Clerk

Board Memo Agenda Item

Staff Report

Date: September 28, 2022
To: Utilities Board
From: Aram Benyamin, Chief Executive Officer
Subject: Fountain Valley Authority Agreement for Short Term Water Service

NARRATIVE:

Desired Action: Approval

Executive Summary: Colorado Springs is one of five members of the Fountain Valley Authority (FVA), an entity that delivers treated Frying-Pan Arkansas water to its members. Colorado Springs Utilities manages, maintains and operates the FVA system and treatment plant on behalf of FVA, pursuant to a management agreement from the 1980s. The FVA treatment plant requires a nine-month outage to complete vital maintenance on the finished water tank. Colorado Springs can reverse the flow of water at the connection between its system and the FVA system to provide treated water to the other FVA members in case of an emergency or required maintenance of the treatment plant. Colorado Springs Utilities is requesting Utilities Board approval of a resolution authorizing the CEO to enter into a temporary agreement with FVA to treat and deliver water to the other FVA members during the outage. The agreement is for regional service, but is not subject to the regional tariffs since it is short term and necessary for Springs Utilities to perform its contractual obligations and requires Utilities' Board approval.

Benefits: Allows Colorado Springs Utilities to meet its obligations to the other FVA members and ensures that neighboring communities are able to maintain their water supplies during the outage.

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

Cost/Budget: Agreement is budget neutral. FVA will pay Springs Utilities for the cost of the service and will make the same volume of wet water delivered available for Colorado Springs Utilities' use and storage.

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

Alternatives: N/A

Submitter: Abby Ortega, Manager	Email address: ajortega@csu.org
Division/ Department: SPP/Water Resources and Demand Management	Phone number: (719) 668-8748
	Date submitted: Sept. 6, 2022

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 12



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

Fountain Valley Authority Agreement for Short Term Water Service

Lisa Barbato, Chief System Planning & Projects Officer

September 28, 2022

127 of 160

Background

- Colorado Springs Utilities is one of five participants in the Fountain Valley Authority (FVA)
- FVA treats and delivers Frying-Pan Arkansas Project water to participants
- FVA owns a water treatment plant that Springs Utilities manages and operates on behalf of FVA under a 1980s agreement

FVA Reverse Flow

- Finished water tank upgrade needed at FVA treatment plant
 - Anticipated 9-month outage
- Agreement for temporary water service to FVA during outage
- Springs Utilities to deliver FVA partner water via reverse flow into the FVA system
- FVA to pay costs of service and make like amount of FVA member water available for Springs Utilities storage and use
- Agreement is short term and necessary for Colorado Springs Utilities to meet contractual obligations and avoid an emergency outage
- Not subject to regional service tariffs



Recommendations

- Board Authorize CEO signature of Agreement
- FVA to proceed with October outage schedule





Colorado Springs Utilities[®]

It's how we're all connected

RESOLUTION NO. 22-08

A RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO EXECUTE A SHORT-TERM AGREEMENT FOR WATER SERVICE TO ADDRESS OPERATION AND MAINTENANCE OBLIGATIONS

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

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

WHEREAS, the Fountain Valley Authority constructed a water treatment plant (“Treatment Plant”) to provide water treatment service to the FVA Participants pursuant to the terms of a November 1, 1979 Water Treatment Contract between the Fountain Valley Authority and the FVA Participants (“Water Treatment Contract”); and

WHEREAS, Colorado Springs Utilities operates the Treatment Plant and performs the Fountain Valley Authority’s obligations under the Water Treatment Contract on behalf of the Authority pursuant to a Management Agreement dated April 1981; and

WHEREAS, Colorado Springs Utilities is responsible for delivering potable water to the FVA Participants pursuant to the Management Agreement; and

WHEREAS, Colorado Springs’ FVC water is delivered through a connection designed and constructed in the 1980s such that (1) Colorado Springs’ treated FVC water could be conveyed into its water distribution system and (2) the flow of water at the connection could be reversed so that Colorado Springs Utilities can provide treated water to the other FVA Participants in an emergency or for required maintenance of the treatment plant; and

WHEREAS, the Fountain Valley Authority and Colorado Springs Utilities have determined that the Treatment Plant needs to be shut down for an extended maintenance outage between October 1, 2022, and April 30, 2023, (“Outage Period”) for preventative maintenance to avoid an emergency shut down and the Treatment Plant will not be available to treat the FVC Participants’ water during that time; and

WHEREAS, in order to meet each Party’s obligations under the Water Treatment Contract and the Management Agreement, Colorado Springs Utilities and the Fountain

Valley Authority desire to enter an agreement for Colorado Springs Utilities to provide temporary water service to the authority during the Outage Period; and

WHEREAS, Colorado Springs Utilities currently has infrastructure capacity available in its water system, a sufficient but interruptible supply of fully consumable water, sufficient water conveyance, storage capacity, and water treatment capacity to provide short-term, interruptible treatment and delivery service to the Fountain Valley Authority during the Outage Period; and

WHEREAS, Colorado Springs Utilities can enter into a short-term water services agreement of this nature pursuant to Excellence in Governance Policy, Utilities Board Instructions to the Chief Executive Officer, Water Supply Management (I-7) upon approval by the Board of Directors of Colorado Springs Utilities.

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 Utilities' provision of temporary water service to the Fountain Valley Authority.

Section 2. The Utilities Board authorizes and directs the Chief Executive Officer of Colorado Springs Utilities to enter into a temporary water service agreement with the Fountain Valley Authority in a form substantially similar to that attached hereto.

Section 3. Given that (1) Colorado Springs Utilities' provision of short-term water service to the Fountain Valley Authority is necessary for both entities to meet their obligations under the Water Treatment Contract and the Management Agreement; (2) that the connection point between the systems was built for emergency redundancy, and (3) that the service provided under the attached agreement is temporary and prevents future emergency outages, the Agreement is not the type of regional water service agreement contemplated by Utilities' Tariffs and the rates and fees applicable to such agreements under the Tariffs do not apply to the Agreement.

Section 4. This Resolution shall take effect as of the date and time of its approval.

DATED at Colorado Springs, Colorado, this 28th day of September, 2022.

Wayne Williams, Utilities Board Chair

ATTEST:

Aram Benyamin, Secretary

Board Memo Agenda Item

Staff Report

Date: September 28, 2022
To: Utilities Board
From: Aram Benyamin, Chief Executive Officer
Subject: Proposed Annexation-Related City Code Changes

NARRATIVE:

Desired Action: Discussion

Executive Summary: As discussed by Colorado Springs Utilities' staff during the Aug. 12, 2022, Utilities Board Annexation Workshop and in furtherance of the ongoing AnnexCOS discussions involving both Springs Utilities and the City, Colorado Springs Utilities committed to bring forward Springs Utilities-focused proposed annexation-related City Code changes. These proposed changes would (a) update City Code to be consistent with current practice and (b) provide tools to adapt to the changing legal landscape. These proposed changes relate to:

- City Council's annexation considerations, including a Colorado Springs Utilities-specific cost-benefit analysis as to all four utility services
- Exceptions to the existing exclusive provider provisions for strategic or legal purposes
- Clarifications concerning the provision of outside-City water and/or wastewater service via both Special Contract Service and an Agreement to Annex

The timing of these proposed changes is dependent on several factors and will require at least one more public presentation.

Benefits: Updating City Code will increase clarity concerning City consideration of Colorado Springs Utilities-focused aspects of annexation-related issues.

Board Policy: N/A

Cost/Budget: N/A

Affected Parties: Specific City Council Districts, other utilities, community groups, developers, nonprofit organizations, certain neighborhoods, etc.

Alternatives: If approval is not obtained for the City Code changes, then City Code will not be updated.

Submitter: Renee Congdon

Email address: renee.congdon@coloradosprings.gov

**Division/
Department:** City Attorney's Office

Phone number: 719-385-5909

Date submitted: Sept. 6, 2022

SPG Staff Use Only: Consent Calendar

Yes

No

ITEM NO. 13



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

Proposed Annexation-Related City Code Changes

Renee Congdon, Corporate Division Chief

City Attorney's Office

Presentation to Utilities Board

September 28, 2022

Agenda

1. Controlling Law
2. Purpose of proposed changes
3. Types of proposed changes
 - a. Annexation considerations
 - b. Exceptions to the exclusive provider provisions
 - c. Clarifying outside City service
4. Next Steps

Controlling Law

- Annexation is controlled by three sets of laws
 - Colorado Constitution
 - State Law—Municipal Annexation Act of 1965
 - C.R.S. 31-12-101, *et seq.*
 - What and how property can be annexed
 - City Code
 - What City Council should consider when deciding whether to annex

Purpose of Proposed Changes

- To update City Code to be consistent with current practice
- To provide tools to adapt to changing legal landscape

3 Sets of Proposed Changes

- Annexation considerations
- Exceptions to the exclusive provider provisions
- Clarifying outside City service

Annexation Considerations

Annexation Considerations

- Proposed changes to annexation considerations
 - Reorganization
 - Clarification of what Colorado Springs Utilities analyzes when reviewing an annexation petition
 - Expansion of conditions imposed on annexations

Annexation Considerations

- Reorganization
 - Moving “criteria” that were really conditions of annexation to “conditions” section
 - Moving sections on cost-benefit analysis from Outside City Service to Annexation
 - Separating outside City water and wastewater service from annexation
 - Moving the details of outside City water and wastewater service to Chapter 12 of City Code (Utilities)

Annexation Considerations

- Clarifying what Colorado Springs Utilities analyzes when reviewing annexation petition
 - All 4 services
 - Changing language to allow look forward at projected demand, supply, and capacity to serve
 - Resources and infrastructure
 - Impact on projected customer
 - Review of impact on performance criteria
 - Utilities-specific cost-benefit analysis: Will projected revenues offset estimated costs to serve?
 - Clarifies that “first come-first served” applies to wastewater

Annexation Considerations

- Expands conditions imposed on annexations
 - Annexor required to convey to City all water rights appurtenant or used for benefit of the property
 - Annexor required to deal with special districts of which it may be a part

Exclusive Provider

Current City Code 12.1.111

“The Utilities shall, *to the maximum extent of its capabilities and consistent with its purposes*, be the sole and exclusive provider of electric, natural gas, water and wastewater utility services within the corporate limits of the City.”

Interpreted as Colorado Springs Utilities is exclusive provider of all four utility services within City boundaries

Exclusive Provider - Proposed Exceptions

- Strategic - may be granted if:
 - In the best interest of Colorado Springs Utilities not to serve a property and
 - Supports current Utilities Board directives or instructions
- Legal – may be granted if:
 - Serving the property would create legal problem for Colorado Springs Utilities (violation of or inconsistent with law or legal obligation under contract)

Exclusive Provider - Process

- Utilities Board would grant exception based on a recommendation of Colorado Springs Utilities' CEO
 - Allows for possibility of granting exception outside of annexation
 - CEO recommendation based on:
 - Financial analysis
 - Risk analysis
 - Demonstration property can receive service elsewhere or doesn't need service
- Notice recorded against property
- Agreement between property owner and Colorado Springs Utilities

Outside City Service

Outside City Service

- Two types of water/wastewater outside City service
 - Special Contract Service
 - Agreement to Annex

Outside City Service

- Special Contract Service
 - Only for service to other entities, such as special districts, municipalities, etc.
 - Entities then sell service to customers at retail

Outside City Service

- Agreement to Annex
 - Service to individual properties at retail outside of City limits
 - Properties eligible or likely to become eligible to annex but annexation not in City's best interest at time of request
 - Properties eligible or likely to become eligible to annex but property owner unwilling or unable to petition the City for annexation
 - Service pending annexation
 - Service to be provided at outside City rates
 - Allowed under C.R.S. 31-12-121

Outside City Service

- Agreement to Annex
 - Requires owner to petition for annexation once eligible if requested by City
 - Requires owner to comply with
 - Chapter 12 of City Code and Colorado Springs Utilities' policies, standards and requirements
 - Chapter 7 development requirements, for new development
 - Dedication of easements
 - Drainage facilities and fees

Outside City Service

- Proposed changes
 - Move all of special contract service to Chapter 12, because not related to annexation
 - Create a new part in Chapter 7 for agreements to annex

Next Steps

Next Steps

- After ReTool
- Chapter 7 changes
 - City Planning Commission
 - City Council
- Chapter 12 changes
 - Utilities Board
 - City Council



Colorado Springs Utilities[®]

It's how we're all connected

Proposed Annexation-Related Code Changes
Summary of Code Changes-Simplified

Current Code	Proposed Revision to Code
Area logical extension of City’s boundary	No change
Development beneficial to City	<p>Added:</p> <ul style="list-style-type: none"> • Determination of estimated immediate and long-term costs to the City under proposed development (cost of extending City services, cost of City-financed capital improvements, time schedule proposed by annexor). This came from section on outside City water/wastewater service. • Determination of estimated revenues to be generated by proposed development (e.g. sales and use taxes, etc.). This came from section on outside City water/wastewater service. • Determination of whether estimated Colorado Springs Utilities revenue will offset estimated immediate and long-term costs to Springs Utilities for serving development. • Other benefits to the City that would result from the annexation (e.g. increased employment opportunity, etc.)
Projected available water surplus at time of request	<ul style="list-style-type: none"> • Projected available surplus capacity and resources • All Springs Utilities’ service lines • For the foreseeable future • To serve all present users, the projected users within the existing corporate limits of the City, and the projected new users from the area proposed to be annexed • Performance criteria for each service will not be impaired
The existing and projected water facilities and/or wastewater facilities of the City are expected to be sufficient for the present and projected needs for the foreseeable future to serve <u>all present users</u> whether within or outside the corporate limits of the City;	Added “projected users”
The annexation can be effected at the time the utilities are extended or at some time in the future;	Clarified the language: Colorado Springs Utilities service and facilities can be extended to serve the property proposed to be annexed at the time of annexation or sometime in the future.

Proposed Annexation-Related Code Changes
Summary of Code Changes-Simplified

<p>Requirement to transfer of title to all groundwater underlying the land proposed to be annexed or pay the City for the value of the groundwater rights.</p>	<p>This, as modified, will no longer be a criteria for consideration, but instead will be a condition to all annexations:</p> <p>Requirement to transfer of title to <u>all water rights appurtenant</u> to, including without limitation all groundwater underlying, <u>and all water rights historically used on or for the benefit of the annexation property</u> the land proposed to be annexed (such as water associated with water shares that have been historically used on the property).</p>
<p>All rights of way or easements required by Colorado Springs Utilities necessary to serve the proposed annexation, to serve beyond the annexation, and for system integrity, shall be granted to Springs Utilities. Colorado Springs Utilities, at the time of utility system development, shall determine such rights of way and easements;</p>	<p>Moved from criteria to condition</p>
<p>If the proposed annexation to the City overlaps an existing service area of another utility, the applicant shall petition the PUC (Public Utilities Commission) or other governing authority to revise the service area such that the new service area will be contiguous to the new corporate boundary of the City.</p>	<p>Added:</p> <p>The applicant will pay any and all fees or costs associated with revising the service area, including without limitation any required condition assessment, system improvements, and just compensation due to the existing service provider.</p> <p>If the proposed annexation overlaps the service territory of a special district, the applicant shall either have the property removed from the service territory of the special district or shall obtain permission from the special district for the property to receive utility services from Colorado Springs Utilities. City Council may waive or modify the requirements in this subsection by resolution.</p>