



**Utilities Policy Advisory Committee (UPAC)
Wednesday, October 5, 2022, 8:00 a.m. – 10:30 a.m.**

Blue River Board Room, 121 S. Tejon Plaza of the Rockies or Microsoft Teams

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

[+1 719-733-3651,624777311#](#)

Agenda

| | | |
|-------------------|--|------------|
| 8:00 a.m. | 1. Call to Order | |
| 8:05 a.m. | 2. Approval of July 6, 2022 UPAC Meeting Minutes | Decision |
| 8:10 a.m. | 3. Cost Recovery Assignment Draft Scope | Discussion |
| 10:00 a.m. | 4. Citizen Comment Citizens can provide comment in person, by joining the meeting from computer or by phone using the link above. If you would like to speak during the citizen comment period, please sign up to speak through BoardSubmissions@csu.org prior to the meeting. | Discussion |
| 10:10 a.m. | 5. Committee Member General Discussion | |
| 10:30 a.m. | 6. Adjournment | |

Next meeting: Nov. 2, 2022

Note: UPAC Bylaws, Rule 6: Customer and Public Comment: (b) At the discretion of the Chair, or the majority of the Committee Members present, customers and members of the public will be allowed to comment or ask questions concerning items discussed at regular meetings or concerning matters discussed at special meetings. Comments or questions by individuals will be limited to five minutes each, and all customer or public comments will not exceed twenty minutes on any agenda item unless time is extended by the Chair or majority of the Committee Members present.



Minutes
Utilities Policy Advisory Committee (UPAC)
Wednesday, July 6, 2022
Blue River Boardroom, 5th floor, 121 S. Tejon St., Colorado Springs, CO
and Microsoft Teams Virtual Meeting

Committee members present in the boardroom or via Microsoft Teams: Chair Gary Burghart, Vice Chair Larry Barrett, Rex Adams, Hilary Dussing and Ruth Ann Schonbachler.

Committee members excused: Scott Callihan, Michael Borden, Katherine Danner and Chris Francis.

Staff members present in the boardroom or via Microsoft Teams: Kerry Baugh, Al Wells, Andie Buhl, Monica Indrebo, Natalie Watts, Bethany Shoemer, Pat Wells, Joe Awad, Scott Shirola, Natalie Eckhart, Brittanie Schneider, Jessica Rheinschmidt, Danielle Nieves, Tristan Gearhart, Pattie Benger, Lisa Barbato, Jennifer Jordan, Michael Hemesath, Jason Rigler, and Christian Nelson

City of Colorado Springs staff present in the boardroom or via Microsoft Teams: David Beckett

Citizens Present: Joseph Kelley

1. Call to Order

Chair Gary Burghart called the meeting to order at 8:00 a.m.

2. Approval of June 1, 2022, UPAC Meeting Minutes

Vice Chair Larry Barrett motioned, and Committee Member Hilary Dussing seconded the motion to approve the June 1, 2022, meeting minutes. The minutes were unanimously approved with a voice vote.

3. Water Acquisition Funding Assignment

Chair Burghart reviews Water Acquisition Funding Assignment and the assignment introduction to the Utilities Board on June 15, 2022. Vice Chair Larry Barret recounts presentation and notes there was some uncertainty with the funding portion of the assignment during the Utilities Board Meeting presentation, but that the presentation was otherwise well received. Chair Burghart directs the committee to craft and scrutinize the language for a final policy proposal to the Utilities Board to best capture the nature and purpose of the account.

Mr. Pat Wells, General Manager of Water Resources and Demand Management, presents some of the draft policy language that staff has been working on and policy

approaches. To begin, Mr. Wells addresses regional growth and water system resiliency; how there are fast developing water supply risks and the effects of these risks result in a continuous water acquisition stance for years to come to reinforce, maintain and increase reliability of our water system and to address growth in the region.

Mr. Wells overviews the process for water acquisition that will be evaluated on a case-by-case basis. Water acquisition will begin with a letter of intent that will legally initiate the purchase process while also allowing time for Colorado Springs Utilities to complete the process of due diligence. If the water acquisition deal passes due diligence, then the purchase and sale agreement will be pursued, and the water acquisition proposal will be presented to the Colorado Springs Utility Board of Directors for final approval. If the water acquisition deal does not pass due diligence, then Colorado Springs Utilities will be able to withdraw from the deal.

Mr. Scott Shirola, Manager of Pricing and Rates, summarizes the policies and modification to policies that will address water acquisition. The first modification is in Instruction 3 which relates to high level financial planning and budgeting. The change is an additional clause, labeled number five, that establishes the water acquisition funding account.

The next policy modification is in Guideline 8 regarding the water reserve account. Paragraph 3 was modified to allow 100% of actual revenue greater than budget will be allocated to the water reserve account. In paragraph 5, a modification was made to allow up to 50% of the water reserved account to be used to supplement current year budgeted expenditures. The last modification in Guideline 8 is the addition of paragraph 6 which stipulates that when the water reserve account funds are more than \$10 million then it may be transferred to the water acquisition account with Utility Board approval. These modifications on based on existing rate structures.

Mr. Shirola introduces Guideline 13 that was created to address the Water Acquisition Account, specifically in detail. This policy establishes what the Water Acquisition Account is, how the account will be used and funded, what the target account balance is and the frequency of evaluations on the account.

The final policy modification is introduced by Mr. Wells, who notates a few changes in Instruction 7 that develops water supply management. Paragraph number 4 is an addition that connects the Water Acquisition Account to responsible water resource planning to allow leverage and use of the account to support timely water right acquisitions and yield expansion.

Utilities Policy Advisory Committee reviewed all the policy modifications and additions

and provided additional suggestions to clarify the policy languages.

The next steps for the Water Acquisition Account assignment will be a presentation to the Finance Committee on July 15, and a presentation to the Utilities Board Meeting on July 20. Both presentations will include draft policy language and Board Instruction changes from today's Utilities Policy Advisory Committee meeting.

4. Citizen Comment

None

5. Committee Member General Discussion

None

6. Adjournment

Chair Burghart adjourned the meeting at 9:21 a.m.

Next meeting: Wednesday, August 3, 2022, at 8:00 a.m.



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

October 5, 2022

Agenda

1. Assignment scope
2. Objectives
3. Public engagement
4. Assignment timeline

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 strategic goals
- Align with Utilities Integrated Resource plans including the HRIP
- Support resource and economic efficiency
- Allocate costs to appropriate parties

Public Engagement

Public Engagement

Goals

- Identify key stakeholders and customers for input.
- Educate and engage with customers in the development of the cost recovery mechanisms
- Provide appropriate and constructive public input regularly to the Utilities Policy Advisory Committee (UPAC) and the Utilities Board for a decision by June 2023.

Strategies & Tactics

- Utilize UPAC monthly meetings as public meetings to educate UPAC members and the public on issues, possible alternatives, and key decisions.
- Provide scheduled updates to the Utilities Board and utilize updates as public meetings to educate the public.
- Invite stakeholders and customers to provide input through presentations to UPAC.
- Collect surveys from stakeholders impacted by community growth.
- Summarize feedback from residential and business customers within our community to measure public opinion.
- Leverage various communication channels to:
- Educate customers
 - Encourage community involvement in the process
 - Inform customers of the recommendation and Utilities Board decision

Communications Channels

Communications channels (informing)

- News media
- Website
- Social media and blogs
- Email Newsletters
- Internal Employee News



Stakeholder Involvement

Possible Stakeholder Presentations to UPAC

City of Colorado Springs (November?)

UCCS Economic Forum (December?)

Housing & Building Association of Colorado Springs (January?)

Pikes Peak Small Business Development Center

Affordable Housing Advocates

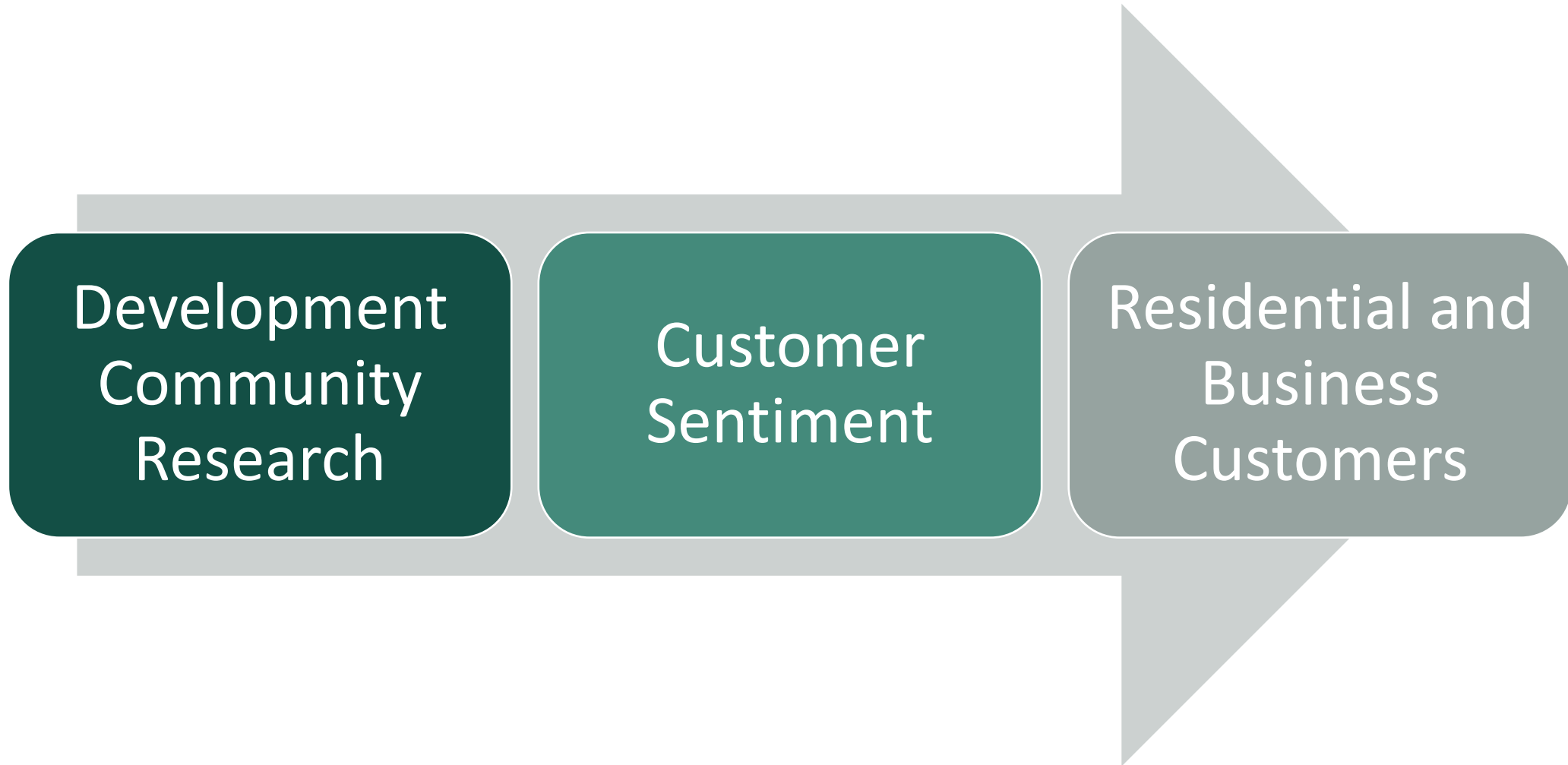
Pikes Peak Association of Realtors

Apartment Association of Southern Colorado

*This list is not meant to be final or comprehensive.



Voice of the Customer - Concept



Assignment Preliminary Timeline





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