

AGENDA

Wednesday, October 16, 2024

1:00 p.m.

[Click here to join the meeting](#)

Or call in (audio only)

[+1 719-733-3651,,596161519#](#)

1:00 p.m.	1. Call to Order	Chair Donelson
1:05 p.m.	2. Invocation and Pledge of Allegiance	Chair Donelson
1:10 p.m.	3. Consent Calendar These items will be acted upon as a whole unless a specific item is called for discussion by a Board Member or a citizen wishing to address the Utilities Board. (Any items called up for separate consideration shall be acted upon following Compliance Reports.)	Chair Donelson
	Approval of Aug. 21, 2024, Utilities Board meeting minutes	
1:15 p.m.	4. 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. • Comments will be limited to three minutes per speaker, per item. • Following the comments from customers who have signed up to speak, an announcement will be made seeking additional comments and the Board will accept all those wishing to comment. 	Chair Donelson
1:20 p.m.	5. Recognition <ul style="list-style-type: none"> • Recent Designation as a StormReady Organization • U.S. Postal Service Excellence in Innovation Award 	Erin Duran, Emergency Management Program Manager Dan Norton, Customer Services General Manager
1:50 p.m.	6. Compliance Reports: <ul style="list-style-type: none"> • I-7 Water Supply Management • I-9 Treatment of Customers and Customer Information • I-10 Treatment of Staff • I-11 Compensation & Benefits G-9 	Travas Deal, Chief Executive Officer

- E-2.8 Emergency CEO Succession

E-2 CEO/Board Partnership Responsibilities

- Water Outlook
- Electric Cost Adjustment / Gas Cost Adjustment Monitoring

2:00 p.m.	7. Items Called Off Consent Calendar	Chair Donelson
2:10 p.m.	8. Naming of the Miskel Reservoir <u>Informational presentation</u> regarding the naming of a reservoir.	Abigail Ortega, General Manager of Infrastructure and Resource Planning
2:15 p.m.	9. 2025 Municipal Government Street Lighting <u>Informational presentation</u> regarding proposed City Council approval of a resolution setting the Street Lighting Service Revenue Requirement for calendar year 2025 under City Code section 12.9.105.	Scott Shirola, Pricing & Rates Manager
2:25 p.m.	10. Ordinance Approving Letter of Credit <u>Informational presentation</u> regarding City Council approval of the Letter of Credit per City Charter § 7-80 and City Code section 12.1.104.	Adam Hegstrom, Treasury & Finance Manager
2:40 p.m.	11. Clear Creek Intergovernmental Agreement (IGA) Addendum <u>Informational presentation</u> regarding proposed City Council approval of a resolution approving the IGA Addendum.	Tyler Benton, Water Resources Engineer
2:50 p.m.	12. Drake Regulatory Asset <u>Informational presentation</u> regarding proposed City Council approval to modify the value of a regulatory asset associated with the decommissioning of the Martin Drake Power Plant.	Natalie Lovell, Accounting Manager
3:00 p.m.	13. Board Member Updates	Board of Directors
3:15 p.m.	14. Summary of Board Actions	Gail Pecoraro, Utilities Board Administrator
3:20 p.m.	15. Adjournment	Chair Donelson

MINUTES

Colorado Springs Utilities Board Meeting Monday, August 21, 2024

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

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

Utilities Board Members Excused:

None

Staff members present via Microsoft Teams or Blue River Conference Room:

Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Somer Mese, Sarah Akins, Jay Anderson, Joe Awad, Bryan Babcock, Alex Baird, Kerry Baugh, Peter Bejadhar, Nathan Bloomfield, Connie Brown, Thad Clardy, Andrew Colosimo, Jessica Davis, Matt Dudden, Erin Duran, Natalie Eckhart, Marcela Espinoza, Brian Fergen, Julian Foster, Jennifer Franceschelli, Kim Girling, Jason Gonzales, Ashly Gunn, Brian Grim, Kelly Guisinger, Lisa Halcomb, Mallorie Hansen, Diane Harmon, Heather Harvey, Jontell Heffernan, Adam Hegstrom, Ellen Hooper, John Hunter, Tyrone Johnson, Megan Johnston, Melissa Jones, Rebecca Kerrigan, Brenda Koskey, Heidi Kourajian, Sarah LaBarre, Birgit Landin, Drew Latrell, Amy Lewis, Mike Maksimowicz, Patrick Malone, Tom Michel, Jared Miller, Kelly Miller, Angelia Mora, Michael Myers, Christian Nelson, Danielle Nieves, Daniel Norton, Jacqueline Nunez, Karen Ochsner, Abigail Ortega, Dave Padgett, Gail Pecoraro, Jason Rigler, Lindsay Riley, Jeff Rowbotham, Bethany Schoemer, Scott Shirola, Ted Skroback, Leslie Smith, Stuart Smith, April Speake, Cali Standard, Admar Susic, Matthew Thieme, Dave Thompson, Tricia Timmons-Malsam, Heather Tocci, Amy Trinidad, Natalie Watts, Al Wells, Kyle Wilson and Jane Zook

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:

Sally Barber, David Beckett, Chris Bidlack, Renee Congdon, Tracy Lessig, Alex Ryden and Ryan Trujillo

Citizens present via Microsoft Teams or Blue River Conference Room:

Albert Badeau, Larry Barrett, Robin Bennett, Lisa Bigelow, Tobi Blanchard, Tom Carter, Mark Gebhart, Don Gravette, David Grothe, Carrie Guy, James Howey, Aiden Hulting, Breanna Jent, Chris Loveless, Susan Luenser, Chris Meyer, Michael Montgomery, Andrew Nautbaum, O'Dell Isaac, Mike Ruebenson, Gannon Scudder, Scott Smith, Marlea Tichey, D. Walker, Michelle Young and Alasyn Zimmerman

1. Call to Order

Chair Donelson called the Utilities Board meeting to order at 1:08 p.m., and Ms. Gail Pecoraro, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Pastor David Grothe with New Life Church delivered the invocation and Board Chair Donelson led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of July 17, 2024, Utilities Board meeting minutes

3b. Approval of the meeting minutes from the Aug. 5, 2024, Utilities Board Retreat

3c. Reappointment of Michael Borden as a Regular Member of the Utilities Policy Advisory Committee (UPAC)

3d. Reappointment of Katherine Danner as a Regular Member of the Utilities Policy Advisory Committee (UPAC)

3e. Reappointment of David Watson as a Regular Member of the Utilities Policy Advisory Committee (UPAC)

3f. Appointment of Tom Carter as an Alternative Member of the Utilities Policy Advisory Committee (UPAC)

3g. Appointment of Albert Badeau as an Alternative Member of the Utilities Policy Advisory Committee (UPAC)

Vice Chair Avila made a motion to approve the items on the consent calendar. This was seconded by Board Member Crow-Iverson. The Consent Calendar was unanimously approved.

4. Customer Comments

Ms. Michelle Young read a statement on behalf of Virginia Noble. She experienced a wastewater backup at her home on Aug. 3, 2024. Ms. Noble has been in contact with City Risk Management regarding reimbursement of damages.

Ms. Robin Bennett read a statement on behalf of Ron and Kathy Nebb who reside on Timber Wolf Trail. They experienced a wastewater backup on Aug. 3, 2024.

James Howey, who lives on Timber Wolf Trail, spoke about the wastewater backup in his home. He has tried to reach City Risk Management about his claim but has not been able to reach anyone so far.

Chief Operations Officer Somer Mese spoke privately with Ms. Young, Ms. Bennett, and Mr. Howey to discuss the claims process.

Chief Executive Officer Travas Deal apologized to the involved parties and said that the Springs Utilities will work with Risk Management to get this resolved. Mr. Deal also said that the organization is looking at the situation to see what happened to help ensure that it does not happen again.

5. Recognition

- September as National Preparedness Month

Mr. Bryan Babcock, System and Field Operations General Manager, said that preparing for emergencies is essential for quick and appropriate response when events do occur. He then introduced Ms. Erin Duran, Emergency Management Program Manager, who said the third annual Colorado Springs Utilities' Emergency Preparedness Week will take place Aug. 26 through Aug. 30. During this week, the organization will focus on employee training, exercises, and other related preparedness efforts.

- **2024 Colorado Day of Total Worker Health**

Mr. Michael Myers, Safety and Health Manager, and Ms. Heather Harvey, Human Resources Manager, read the State of Colorado's proclamation for Colorado Total Worker Health Recognition Day. Total Worker Health is one of the organization's Strategic Initiatives. Several members of the Total Worker Health Committee were present at the meeting. They are Sara Akins, Julian Foster, Jason Gonzales, Heidi Kourajian, Ashley Gunn, Tricia Timmons-Malsam and Cali Standard.

Board Member Henjum said that the safety culture of the organization is evident, even walking around the Plaza fifth floor where signs outside employees' offices state why they embrace safety.

Chief Human Resources Officer Renee Adams stated that recently the organization's Delta Team sponsored its Multicultural Kaleidoscope, which is an art exhibit featuring employee fine art, which is currently being displayed in the Landing of the Plaza fifth floor.

6. Compliance Reports

The I-2 Financial Condition and Activities (to include contracts over \$500K) G-7 (Q2) was provided in the meeting packet and there were no questions.

The I-4 Risk Management (Semi-annual) was provided in the meeting packet and there were no questions.

The I-8 Asset Protection (Semi-annual) was provided in the meeting packet and there were no questions.

- E-2 CEO / Board Partnership Responsibilities
 - Water Outlook
 - Electric Cost Adjustment / Gas Cost Adjustment Monitoring

These reports were provided in the meeting packet and there were no questions.

7. Items Called Off Consent Calendar

There were none.

8. 2025 Budget and Rate Case

Mr. John Hunter, Financial Planning and Risk Manager, reviewed the 2025 Preliminary Budget. The proposed 2025 budget is a 21.4% increase (\$322,399,000) consisting of capital projects, operations and maintenance (both fuel and non-fuel), debt service, and surplus funds to the City and franchise fees.

Board Member Henjum mentioned that due to the significance of this rate case, the Finance Committee has been aware of this rate case for the past few months.

The proposed forecast is expected to increase from \$1,826,717,000 in 2025 to \$2,141,753,000 in 2029.

The proposed metrics were reviewed in relation to the Proposed five-year Financial Plan. The debt ratio will be 53.6% in 2025; 56.4% in 2026; 58.8% in 2027; 58.8% in 2028; and 57.3% in 2029. Mr. Tristan Gearhart, Chief Finance and Planning Officer, stated that any debt ratio above 54% is reflected negatively on the enterprise scorecard.

Mr. Scott Shirola, Pricing and Rates Manager, reviewed the Preliminary 2025 Rate Case. Mr. Shirola said that the proposed rate case filing is based on 2025 sources and uses budget ordinances and the five-year financial plan. The effective date(s) of proposed changes are Jan. 1, 2025; Oct. 1, 2025; Jan. 1, 2026; Jan. 1, 2027; Jan. 1, 2028; and Jan. 1, 2029.

Board Member Henjum asked leadership to explain why the organization is asking for a rate increase. Mr. Deal said there are many needs within the organization that necessitate this ask. The first is the closure of the Nixon Power Plant. This plant is being closed due to a regulatory requirement. With the closure of Nixon, new gas generation is needed to replace the energy once provided by Nixon.

The second is the organization's wastewater system and outreach capacity that needs to be resolved. The third is increased and continued work with water and water rights and the expansion of the Montgomery Reservoir. And the last is gas distribution, ensuring that we are very safety minded as a provider to our customers. One of the organizations main focuses is customer reliability. The capital spend is more than it has been in the past but is now a necessity.

Electric Service

The 2025 base rate drivers include substation and transmission lines, Sustainable Energy Plan projects, supporting growth and resiliency, inflationary increases in labor/benefits, and system maintenance. The total electric proposed revenue from rates is \$395.6 million (\$24.2 million higher than revenue under current rates). The overall system increase is an average of 6.5%.

Board Member Leinweber asked if a comparison is done among other comparable utilities for industrial customers. Mr. Shirola said that comparisons are done, and that with the proposed increases, Springs Utilities is still very competitive.

Natural Gas Service

The 2025 base rate drivers include the Distribution Integrity Management Program (DIMP), supporting growth and resiliency, and inflationary increases in labor, benefits, and system maintenance. The total natural gas proposed revenue from rates is \$92 million (\$3.6 million higher than revenue under current rates). The overall system increase is an average of 4%.

Water Service

The 2025 base rate drivers include sustainable water plan projects, supporting growth and resiliency, water debt additions, inflationary increases in labor/benefits, and system maintenance. The total water proposed revenue rates is \$228.7 million (\$13.9 million higher than revenue under current rates). The overall system increase is an average of 6.5%.

Wastewater Service

The 2025 base rate drivers include collection and treatment system rehabilitation and upgrades, supporting growth and resiliency, and inflationary increases in labor/benefits and system maintenance. The total wastewater proposed revenue from rates is \$79.7 million (\$6.6 million higher than revenue under current rates). The overall system increase is an average of 9%.

Board Member Henjum asked how growth plays a role in rate increases. Mr. Shirola said that the Utilities Policy Advisory Committee (UPAC) completed a previous assignment on review and design fees. This focused on bringing fees to full cost –having growth pay for growth.

Bill Assistance

Information is available for those customers who need assistance in paying their bills through the Low-Income Energy Assistance Program (LEAP) and Project COPE, as well as by setting up payment options through Springs Utilities.

Board Member O'Malley asked for an update on his proposal to having solar customers with net metering credits give those credits to Project COPE. Mr. Shirola advised that the organization is waiting to hear more about what is being done at the state level before making any decisions. Mr. Deal said that the organization needs to find an equitable way that net metering is being determined back to the customer.

Mr. Gearhart added that internal system would also need to be upgraded at a cost of approximately \$80,000 with a possible benefit of \$60,000 into the Project COPE fund. The alternate is to notify solar customers of personally donating their excess solar generation directly to Project COPE. Board Member Leinweber asked if this could change

fiber installation in the future. Mr. Deal stated this could allow for more options in the future.

Board Chair Donelson asked what the difference is between base rates and cost adjustments. Mr. Shirola explained that for electric and gas, the base rate is the portion of the rate case. Base rates fund the construction, the operation and the maintenance of the system. The last electric base rate increase was in 2018 and the last gas base rate increase was in January 2024. There are four additional line items that are fuel-related. These are adjusted quarterly and are not included in this rate case.

Electric – Energy-Wise Time of Day (TOD)

In 2018, Springs Utilities began working on a roadmap to position themselves for the new future of energy. Industry best practices and lessons learned have been researched. Customer research and analyses has been performed and the Utilities Board has been engaged. Based on these findings, the Energy-Wise Time of Day rate has been developed.

Energy-Wise rates can play a significant role in incentivizing customers to shift their electric use to periods when demand is lower, and the cost of providing electricity is cheaper – before 5 p.m. and after 9 p.m., Monday through Friday and anytime on weekends (off-peak periods).

Rates are highest Monday through Friday from 5 p.m. to 9 p.m. (on-peak times). Rates will also be higher during the summer when demands are higher (June through September) and lower in the winter (October through May).

The proposed effective date of these changes is Oct. 1, 2025, with a customer transition schedule to be determined by Springs Utilities, based on the installation date of their Advanced Metering Infrastructure (AMI) meter.

Without any change in current usage, it is estimated that 49.9% of customers will benefit from utilizing the Energy-Wise rate. This averages to a \$3.97 per month savings, or 2.8%.

Of the 50.1% of customers not changing usage to off-peak hours, they should expect an average 3% increase to their bill, or \$3.42 per month. These average impacts vary by season and by customer.

Board Member Leinweber asked what putting customers into the program “over time” means. Mr. Shirola said that depending on the customer bill cycle and installation of their AMI meter will determine transition into the Energy-Wise rates. For customers who have solar, the proposal is to keep them with their current rate schedule until information at the state level becomes available. Mr. Leinweber asked if rate classes can change based on customer usage, such as with water. Mr. Shirola stated this is possible.

Mr. Helms asked how this will affect customers who have opted out of AMI meter installation (approximately 145 residential customers). Mr. Shirola said they will be placed on the Fixed Seasonal Rate Option.

Estimated Customer Bill Impacts

The residential bill impact estimates for residential customers is an average decrease of 2.8% for 49.9% of customers.

Mr. Leinweber said that Water Wise communication was great. He asked if a communication plan is being developed for Energy-Wise rates. Mr. Shirola said that a comprehensive three-phase communication plan is being developed.

Mr. Leinweber asked if the base rate is still in effect if a customer goes on the Energy-Wise rate. Mr. Shirola said that customers will still have the base rate increase which will begin in January 2025, and the Energy-Wise TOD rate which goes into effect in October 2025. It is important for the communication plan to outline the effective dates for both the proposed rate increase beginning in January 2025 and the Energy-Wise rate in October 2025, then subsequent rate increases in 2026 and future years. Mr. Shirola said there is a current Time of Day rate that customers can voluntarily sign up for before October 2025.

Board Member O'Malley asked what the sensitivity/timeline is for 5:30 p.m. to 9:30 p.m., will this need to shift in the future? Mr. Shirola stated that it is on-peak period is projected to last through 2030.

Ms. Henjum said it is important to recognize that the organization has made changes to recover costs for growth and development.

Next steps include establishing a public hearing date and formal filing of the 2025 Rate Case with the City Clerk on Sep. 10, 2024. The 2025 Utilities Budget First Reading and 2025 Rate Case Hearing will be at City Council on Oct. 22, 2024 and the 2025 Utilities Budget Second Reading and 2025 Rate Case Decision and Order will take place on Nov. 12, 2024.

9. 2024 Balanced Scorecard Mid-Year Results

Ms. Natalie Watts, Manager of Strategic Planning and Governance, reported on the 2024 Mid-Year Scorecard results. These measures were approved at the November 2023 Utilities Board Meeting. There are a total of 24 measures. Mid-year results are 3.70 on a scale of 1 to 5, which is Meets Expectations. All results are as of June 30, 2024.

Eight measures fell within the Far Exceeds Expectations:

1. Residential Electric Service - Front Range Comparison
2. Residential Natural Gas Service - Front Range Comparison
3. Residential Wastewater Service Bill - Front Range Comparison
4. Small Commercial 4 Service Bill - Front Range Comparison

5. Large Comm/Indust 4-Service Bill - Front Range Comparison
6. Indust Electric-intensive Cust Bill - Front Range Comparison
7. Environmental Index
8. Safety: Occupational Injuries and Illnesses Rate

Three measures were Exceeds Expectations:

1. Bond Rating
2. Electric - SAIDI - Interruptions in minutes per year
3. Workforce Index

Eleven measures were Meets Expectations:

1. Residential Water Service Bill – Front Range Comparison
2. Days Cash on Hand – Current Year
3. Days Cash on Hand – 3 Year Average
4. Adjusted Debt Service Coverage – 3 Year Average
5. Debt Ratio – Current Year
6. Debt Ratio – 3 Year Average
7. Natural Gas – Failures per 100 miles of pipe
8. Water – Failures per 100 miles of mainline
9. Wastewater – Failures per 100 miles of mainline
10. Customer Satisfaction – Residential
11. Customer Satisfaction – Business

One measure was Partially Meets Expectation

1. Adjusted Debt Service Coverage - Current Year

Mr. Gearhart explained that the third quarter's water revenue should improve actuals to a Meets Expectations rating. This goal is between 1.8 and 2.0 and the rating was 1.77.

The organization had no measures that Did Not Meet Expectations. The last time this happened was in mid-year 2020.

Year-end scorecard results for 2024 will be presented to the Strategic Planning Committee and the Utilities Board in March 2025.

Board Member Henjum asked when scorecard weightings could be changed. Ms. Watts said that these could be changed at the end of 2024.

10. Board Member Updates

Board Member Helms said that there was an abbreviated Program Management Review (PMR) Committee meeting earlier this week. During the committee meeting, they reviewed the 58 items on the project dashboard. The sustainable energy portfolio was reviewed as was the acquisition of new energy resources. Mr. Helms said that fiber installation in the north end of Colorado Springs is going well. Springs Utilities is doing a great job with installation and repair of landscape that was damaged during installation.

Mr. Helms thanked Springs Utilities for their help in allowing cadets access to hike up to replace the American flag on a World War II aircraft on Blodgett Peak.

Board Member Leinweber said that during the last two weeks, his fiber service (not provided by Springs Utilities) has been down twice.

Board Member Henjum appreciated attention of fellow Board Members during rates presentations, this is a significant process for transparency to the residents of the community. She recognized the members of the organization's Pricing & Rates Department for their diligence in preparing the presentations and the work they put into the data and research. Ms. Henjum also recognized Somer Mese for her quick response and going above and beyond on a recent constituent concern. Ms. Henjum reminded everyone that the City of Colorado Springs is kicking off their Annex COS process on Aug. 28, 2024, at Hybl Sports Center addressing ways the City can grow thoughtfully and be economically viable.

Vice Chair Avila said that the Personnel Committee met this past Monday to discuss the Workforce Plan. In 2005, there were 2,056 regular employees, then cuts were made down to 1,824 employees for several years, and now there are 2,030 regular employees. A presentation was made on compensation and benefits. CEO Competencies were also discussed at this meeting. Ms. Avila recently attended Summerfest. It was a great event. Ms. Avila thought the 2024 Board Member Retreat was helpful.

Board Member Crow-Iverson attended the Water Congress Conference and found it very interesting.

Board Member O'Malley felt that a great deal of time was spent going over rate increases today. He always looks to the source as to why this is happening. The organization had an unfunded requirement of being 80% green by 2030.

Board Chair Donelson stated that he recently attended the Utilities Policy Advisory Committee (UPAC) meeting. UPAC Members are currently underway with their nuclear generation assignment. The next meeting will be Sep. 4, 2024.

Board Member Talarico thanked Mr. Helms and Mr. Donelson for stepping into chair the PMR meeting earlier this week. Ms. Talarico will follow up with members of the Strategic Planning and Governance staff and fellow Board Members on the purpose of the PMR Committee and how it can be more valuable to the entire Board.

Mr. Deal stated before the D.C. Fly-In, on Monday, Sep. 16, there will be a utilities day, with many joint action agencies participating.

11. Summary of Board Actions

- Approval of the Utilities Board minutes from the July 17, 2024, meeting and the Aug. 5, 2024, Utilities Board Retreat.

- Approval of the re-appointments of Michael Borden, Katherine Danner, and David Watson as regular members of the Utilities Policy Advisory Committee (UPAC).
- Approval of the appointments of Tom Carter and Albert Badeau as Alternative Members of UPAC.
- Budget and Rate Case will move forward to City Council.

12. Executive Session

City Attorney Renee Congdon read the notice for the Closed Session for two issues. The first issue to be discussed involves conferences with the City Attorney's Office regarding determining positions relative to contract negotiations regarding gas resources, including consideration of documents containing confidential and proprietary information. The second issue to be discussed is the 2024 mid-year performance review of the Chief Executive Officer. Board Members were polled and agreed to go into executive session by a unanimous vote.

13. Adjournment

The meeting adjourned at 5:23 p.m.

Board Memo Agenda Item Staff Report

Date: (Date of Utilities Board Meeting)	October 16, 2024		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	Recognition by the National Weather Service for Colorado Springs Utilities' designation as a StormReady organization.		
NARRATIVE:			
Desired Action: Choose only one	<input type="checkbox"/> Approval <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Information		
Executive Summary:	<p>The National Weather Service StormReady program evaluates an organization's commitment to planning for and responding to severe weather events. As of June 20, 2024, there were 3,474 StormReady and/or TsunamiReady Sites in 50 states, Puerto Rico, and the U.S. Pacific Islands. The vast majority of these StormReady sites are counties and communities such as El Paso County and the City of Colorado Springs.</p> <p>Colorado Springs Utilities has a long-standing partnership with the National Weather Service and applying for, and receiving, the StormReady designation was an affirmative step in demonstrating the organization's commitment to being prepared for extreme weather.</p> <p>Colorado Springs Utilities will join approximately 200 other commercial sites that have received this designation, including manufacturing plants, hospitals, airports, and large entertainment venues. Colorado Springs Utilities is one of less than a dozen utility organizations to receive this designation.</p>		
Benefits:	Recognition as an industry leader when planning for and responding to severe weather events.		
Board Policy: If this impacts one of the board policies, indicate that here.	N/A		
Cost / Budget: Include the projected cost or budget here.	N/A		
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	N/A		
Alternatives:	N/A		
Submitter:	Erin Duran	Email Address:	eduran@csu.org
Division:	Operations	Phone Number:	719-668-3621
Department:	System and Field Operations	Date Submitted:	Aug. 5, 2024

SPG Staff Use Only:	Consent Calendar <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Item Number 5
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING		

Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	October 16, 2024
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	United States Postal Service Excellence in Innovation Award
NARRATIVE:	
Desired Action: Choose only one	<input type="checkbox"/> Approval <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Information
Executive Summary:	<p>In a time when digital communication is prevalent, Colorado Springs Utilities has shown that printed mail still holds significant value. Through a collaboration with KUBRA, Springs Utilities has been awarded the prestigious USPS Excellence in Innovation and Creativity Award. This recognition comes from their participation in the 2023 USPS Mailing Promotions.</p> <p>Springs Utilities' award-winning mail piece, created in partnership with KUBRA, combined personalization with vibrant promotional elements, setting a new benchmark in print communication. This initiative captured the essence of the USPS's program and showcased how innovative approaches to traditional mailing can significantly enhance customer engagement and communication effectiveness. The bills were designed as part of a cross-department effort with the primary goals of increasing customer satisfaction with our printed bill. Key objectives for the redesign were to enhance the customer's experience through a streamlined full-color graphical bill, create separate templates for business and residential customers, create an online interactive bill, and optimize costs for printing and mailing.</p> <p>The team consisted of:</p> <ul style="list-style-type: none"> • Brian Fergen • Terrance Packard • Sabrina Kleinheitz • Jeff Rowbotham • Eric Isaacson
Benefits:	Employee recognition
Board Policy: <small>If this impacts one of the board policies, indicate that here.</small>	N/A
Cost / Budget: <small>Include the projected cost or budget here.</small>	N/A
Affected Parties: <small>This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.</small>	N/A
Alternatives:	N/A

Submitter:	Dan Norton	Email Address:	dnorton@csu.org
Division:	Customer Enterprise Services	Phone Number:	719.668.4688
Department:	Customer Services Department	Date Submitted:	August 26, 2024
SPG Staff Use Only:	Consent Calendar <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Item Number 5
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.			



Date: October 16, 2024

To: Utilities Board

From: Travas Deal, 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, 2023–September 30, 2024
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 shall:

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

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 September 15, 2024, Colorado Springs Utilities is involved in 19 statement of opposition cases.

Colorado Springs Utilities participated in a regional effort and supported Colorado Springs City Council in passing Resolution 52-24 regarding the Arkansas River Water Preservation Principles and protecting Arkansas River Basin water from permanently being transferred out of the basin by the City of Aurora.

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 15, 2024, Colorado Springs Utilities is a party in 27 water rights cases, consisting of 4 application cases, 4 diligence cases, 1 appealed case, and 19 statement of opposition cases.

During the reporting period, Colorado Springs Utilities filed three applications for findings of reasonable diligence with regard to certain conditional water rights owned by Utilities and its partners, and/or to make portions of the conditional water rights absolute while maintaining the remaining conditional portions of those rights during the reporting period. The first (Case No. 23CW3138) involves conditional water rights for several small reservoirs and diversion structures and an appropriative right of exchange. This allows for diversions at those structures for all beneficial uses by the Homestake Partners (Colorado Springs Utilities and City of Aurora) including wetland restoration, augmentation of transbasin diversions, and for in-basin use within the Eagle and Colorado River basins. Diligence is required for developing the Homestake water rights by meeting federal, state and local permit conditions. This case is still pending. The second (Case No. 24CW3010) involves conditional appropriative rights of exchange of Colorado Springs Utilities' non-sewered reusable return flows from transmountain water, nontributary groundwater, and other reusable waters accruing to Fountain Creek and/or its tributaries. This case is still pending. The third (Case No. 24CW3092) also involves conditional water rights for a small reservoir and several diversion structures and an appropriative right of exchange that allows for diversions at those structures for all beneficial uses by the Homestake Partners and for in-basin use within the Colorado and Eagle River basins by several West Slope entities in compliance with federal, state and local permit conditions. This case is still pending. Colorado Springs Utilities also filed an Application for Conditional Appropriative Rights of Exchange that will be used to facilitate the movement of water available under 3,292 of the Fort Lyon Canal Company (FLCC) shares it purchased during this reporting period to its water supply system (23CW3052). In addition, Colorado Springs Utilities filed an Application for Change of Conditional Water Rights for the Lower Blue Reservoir to allow use of water available under the right by Colorado Springs Utilities and two west slope parties as required by the settlement agreement described in section 2.b.i (24CW3116). Both of those Applications are pending.

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 put it to beneficial use. Two systems in the Colorado River Basin have conditional rights and undeveloped supplies:

- i. Continental-Hoosier System - Staff concluded settlement negotiations with several west slope parties and entered into a settlement agreement resolving issues related to the remaining conditional water rights for the Continental-Hoosier System. In addition, staff has continued working on permitting a project to fully utilize the rights available under the Continental-Hoosier System and is conducting planning studies, engineering, legal analysis, design and pre-permitting, including meeting with the appropriate permitting agencies to develop full and complete applications for the project that comply with Federal, State and Local requirements for the development of these water rights and supply.
- ii. Eagle River Joint-Use Water Project - Staff participated in partnership discussions and conducted studies consistent with the planning phase of the project in the pre-application period in order to continue to diligently preserve these water rights and supply.

c. Development of additional water supplies.

- i. Colorado Springs Utilities' staff performed engineering and legal work that facilitates 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 3 of the next 10 years. The agreement with LAWMA will provide Colorado Springs Utilities approximately 2,000 AF of water in 5 of the next 10 years.
- ii. Colorado Springs Utilities also acquired 273 shares in the FLCC in addition to the 3,212 FLCC shares that were purchased since 2021.
- iii. Colorado Springs Utilities' staff, attorneys and outside experts performed engineering and legal work associated with obtaining required authorizations and preparing water rights applications that will facilitate the use of the water rights associated with its FLCC shares.

- iv. Colorado Springs Utilities pursuing successful completion of permitting an enlargement at Montgomery Reservoir in the Continental-Hoosier System which is expected to increase the average yield from that system by 4,000 AF.
- v. Colorado Springs Utilities' staff continue to evaluate and pursue opportunities to acquire additional water supplies and participate in storage projects 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 Colorado Springs Utilities 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 stored in Pueblo Reservoir). The exchange program currently yields approximately 33,000 AF of water annually by maintaining dominion and control of all reusable return flows.

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 Metro Round Table, the Inter-Basin Compact Committee, the Front Range Water Council, Upper Colorado River Endangered Fish Recovery Program, Upper Colorado River Wild & Scenic Alternative Management Plan, and the Arkansas Basin Regional Resource Planning Group. 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 percent reliability for maintaining a minimum of 1.5 years of customer demand in water system storage.*
- c. *Conduct an evaluation of the need for water shortage response measures when water system storage is forecast to fall below 1.5 years of customer demand on or after April 1 of any year.*

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, 2024, Colorado Springs Utilities has more than three years of unrestricted water demand in storage. Colorado Springs Utilities has maintained more than 1 year of customer demand in storage since 1992. In addition, it has achieved 90 percent 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 3 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 during the next reporting period, Colorado Springs Utilities continues to evaluate and plan for implementation of drought response measures in 2024/2025 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 (approved in 2023). 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 the 2015 Water Use Efficiency Plan of 1,123 AF. To reach the goal of 10,000 – 11,000 AF of water savings defined in the Integrated Water Resource Plan (IWRP), Colorado Springs Utilities must continue to address inefficient use and reduce demands through comprehensive conservation programming.

Saving water through demand reductions stretches 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 the WEP will address the most significant areas of inefficiency and maximize the value and health of the built landscape by:

- 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.

In 2023, Colorado Springs Utilities completed a water conservation future potential study looking at the possibilities for water conservation 50 years into the future. This study demonstrated that while in the last 20 years Colorado Springs Utilities has cut use by 20,000 AF with 92% population growth, in the next 50 years Colorado Springs Utilities expects to gain no more than 8,000 AF of savings with nearly double the population.

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.

5. *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). Colorado Springs Utilities only provides water and wastewater service pursuant to City Code §§ 12.1.116, 12.4.301-12.4.305, 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 requirements:*
 - a. *All regional service contracts must be approved by the Utilities Board. Colorado Springs Utilities may deny any service request, modify the type of service to be provided, request mitigation to offset water system impacts and risks, or impose terms and conditions on the provision of service necessary to offset impacts and risks.*
 - b. *Regional service contracts shall provide a net benefit to Colorado Springs Utilities and the City of Colorado Springs' ratepayers, appropriately balancing costs and risks, and recognizing historic and planned investments.*
 - c. *For each contract requested, 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 percent 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 any special contracts for water-related services that are inconsistent with this instruction during the reporting period. During this reporting period, Colorado Springs Utilities entered three water and wastewater special contracts with regional entities that have 25-year terms. Specifically, Colorado Springs Utilities entered into an addendum to the regional convey, treat, and deliver special contract with Triview Metropolitan District (Triview) that clarifies the locations in which Triview can use the water provided under the agreement. Colorado Springs Utilities also entered into a wastewater service agreement with the Falcon Area Water and Wastewater Authority (FAWWA) under which Colorado Springs Utilities will use its wastewater system infrastructure to provide wastewater treatment service to a development located to the northeast of the City. In addition, Colorado Springs Utilities entered into a regional standby water service special contract with Stratmoor Hills Water District (Stratmoor) under which Colorado Springs Utilities will use its infrastructure to treat and deliver water owned by Stratmoor or in rare circumstances, Colorado Springs Utilities water supplies, to Stratmoor to meet its water demands when there are disruptions to its normal operations. All of these contracts provide a benefit to Colorado Springs Utilities' ratepayers and citizen owners, contain terms and conditions consistent with this instruction, and received final approval from City Council.

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, and will require approval from City Council.

Colorado Springs Utilities also entered into 16 separate but similar temporary surplus water lease agreements under which the lessees can use water available under certain shares of the FLCC, Colorado Canal Company and/or fully consumable reusable return flows for various uses including well augmentation and agricultural irrigation during the reporting period. Total supplies that are subject to those leases is equal to approximately 20,000 AF.



Date: October 16, 2024

To: Utilities Board

From: Travas Deal, 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, 2023 – July 31, 2024
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 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/social media, monthly bill inserts, 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: October 16, 2024

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Compliance Report
Treatment of Staff (I-10)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	July 1, 2023 – June 30, 2024
Policy Title (Number):	Treatment of Staff (I-10)	Reviewing Committee:	Personnel
Monitoring Type:	Internal	Monitoring Frequency:	Annual

The Chief Executive Officer shall direct that working conditions for paid and volunteer staff are fair, dignified, and respectful. Accordingly, the CEO shall:

- 1. Adhere to all discrimination, harassment and retaliation laws, policies and procedures.*

As stated in the Personnel Policies Manual, Colorado Springs Utilities will not tolerate any form of unlawful discrimination or harassment and seeks to establish a diverse and inclusive work environment free from unlawful discrimination and harassment. Colorado Springs Utilities has an Open Door Policy and a formal complaint process which it has adhered to during this reporting period.

- 2. Operate with a written personnel policy manual that clarifies personnel rules for employees and promulgate the personnel policy manual with an employee notification and comment procedure before any changes are made unless proposed changes are required immediately based on Federal, State or local laws or other exigent circumstances.*

Colorado Springs Utilities promulgated and formally notified all employees of potential changes to the Personnel Policy Manual (PPM) in accordance with the PPM

Promulgation Process. The PPM was promulgated November 8, 2023 – November 27, 2023, and approved effective December 18, 2023.

3. *Provide employees access to all organizational policies and procedures.*

The Personnel Policy Manual (PPM) is posted on the intranet, which is accessible to all employees. A copy of the PPM may be printed by any employee. All new employees receive information on how to access the PPM during new employee orientation and sign an acknowledgment form.

4. *Operate with a written affirmative action plan, as required by law.*

Colorado Springs Utilities is a covered federal contractor or subcontractor subject to the requirements of the Vietnam Era Veterans Readjustment Assistance Act, 38 U.S.C. § 4212 (§ 4212), as amended, and § 503 of the Rehabilitation Act of 1973, as amended. Colorado Springs Utilities has an Affirmative Action Plan for protected veterans and individuals with a disability.

5. *Periodically, not to exceed five years, assess the organizational climate issues using statistical sampling and a sound, validated procedure; and develop and implement an action plan.*

Colorado Springs Utilities conducted an employee climate survey in Q2 2024. Results were presented by Gallagher to the Utilities Board in July, 2024. Leaders will be trained in October 2024 to prepare for the action planning process in Q4 2024. Implementation of action plans in response to the results of the 2024 employee climate survey will begin in Q1 2025.



Date: October 16, 2024

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Compensation and Benefits (I-11)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	September 1, 2023 – August 31, 2024
Policy Title (Number):	Compensation and Benefits (I-11)	Reviewing Committee:	Personnel
Monitoring Type:	Internal		
Monitoring Frequency:	Annual		

The Chief Executive Officer shall direct that employee compensation plans address individual accountability, reward for job performance, encourage organizational flexibility and responsiveness and are consistent with the geographic and professional markets for the job duties performed. Accordingly, the CEO shall:

- 1. Communicate an administrative procedure to employees which allows them to appeal the methodologies followed that result in the annual salary and benefits proposed for the upcoming year.*

In conjunction with the proposed 2024 budget presentation, employees were notified of the proposed salary and benefits in an annual wage and benefits memo. This memo included a specific salary and benefits appeal process. There were no appeals submitted during this reporting period.

2. *Develop executive compensation plans that are consistent with professional markets and include:*
 - A. *Data sources from similar local, regional and national, comparably sized utilities that typically fall within the range of one-half to two times Colorado Springs Utilities' employee population and annual revenue.*
 - B. *Multi-service utilities.*
 - C. *An appropriate balance of public and private organizations.*
 - D. *A mix of custom market survey data and published survey sources.*

No executive compensation plans were developed during this reporting period.

3. *Provide severance to Officers and General Managers in the event of involuntary separation without cause in accordance with approved Utilities Board guidelines and at the discretion of the Chief Executive Officer in accordance with the At-Will Senior Management Severance Guidelines.*

Severance was not provided during this monitoring period.

4. *Provide severance to any other employees only with Utilities Board Approval.*

Severance pay was not provided during this monitoring period.

Date: October 16, 2024

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Compliance Report
Chief Executive Officer Responsibilities (E-2.8)
Emergency Chief Executive Officer Succession**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board/Chief Executive Officer Partnership Expectations	Reporting Timeframe:	2024 Calendar Year
Policy Title (Number):	Chief Executive Officer Responsibilities (E-2.8)	Monitoring Frequency:	Annually
Monitoring Type:	Internal		

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

E-2 Chief Executive Officer Responsibilities

- 8. *The Chief Executive Officer protects the Utilities Board from a sudden loss of the Chief Executive Officer’s services by having at least two Officer emergency successors familiar with current issues and business procedures; by traveling with only one of the designated emergency successors and by allowing no more than three Officers to travel together.*

The designated Officer emergency successors are:
 The Chief Operations Officer
 The Chief System Planning and Projects Officer
 The Chief Planning and Financial Officer

All travel has been arranged in accordance with policy.



Date: October 16, 2024

To: Utilities Board

From: Travas Deal, Chief Executive Officer

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

Desired Action: Monitoring

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

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

October 2024 Water Outlook using data as of September 30, 2024

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

2024 Demands: September use averaged 89 million gallons per day (MGD), which was about 6.8% greater than September 2023. Temperatures in September were above the 30-year average at 66.4 degrees Fahrenheit, which was 3.3 degrees above normal. Total precipitation for September was 0.87 inches, which is below normal. Year-to-date precipitation is 13.47 inches, which is 93% of normal.

Current Reservoir Levels: Local storage is currently at about 45,988 acre-feet (70% of capacity). The 1991-2020 average is 68% of capacity. Rampart Reservoir is at 73% of capacity, and Pikes Peak storage is at 65% of capacity. System wide, total storage is about 210,600 acre-feet (81% of capacity). In 2023 at this time, total system wide storage was 89% of capacity. It was about 75% at this same time in 2022, about 77% of capacity in 2021, about 75% of capacity in 2020, about 83% of capacity in 2019, about 76% of capacity in 2018, about 88% of capacity in 2017, about 81% of capacity in 2016, and about 85% of capacity in 2015. The 1991-2020 average system-wide storage for the end of September is 77% of capacity.

Water Supply Outlook: The U.S. Drought Monitor shows pockets of varying drought conditions with most areas abnormally dry or moderate drought across the U.S. The Colorado drought monitor shows areas of abnormally dry conditions across portions of

Colorado, with pockets of moderate drought primarily in North-Central and Eastern Colorado. Severe drought conditions are limited to North-Central and Southeastern Colorado. The seasonal drought outlook predicts continuing drought conditions in central Colorado with drought development likely in the Southeast corner of Colorado between now and Dec. 31, 2024. The three-month climate outlook shows the chance for below normal precipitation across the whole state with increased chances for below normal precipitation across the far southern portion of Colorado. The three-month outlook also indicates higher chances for above normal temperatures across Colorado with further increase chances in Southwest Colorado.

Operational Notes: South Catamount Reservoir capacity remains restricted for planned dam maintenance. South Suburban Reservoir is drained for outlet work repairs. Total system storage is at 81.1% of capacity and holds about 3.1 years of demand, which is above average for the end of September. Local storage contains about 244 days of demand.

ECA/GCA

Electric Cost Adjustment (ECA)

On Sept. 24, 2024, City Council approved the ECA rate of \$0.0301 per kWh effective Oct. 1, 2024. As of Sept. 30, 2024, the ECA over collection balance was \$1.1 million. The over collection balance changed by \$5.4 million from the \$4.3 million under collection balance reported for June. Colorado Springs Utilities will continue to provide regular updates to the Utilities Board as appropriate.

Gas Cost Adjustment (GCA)

On Sept. 24, 2024, City Council approved the GCA rate of \$0.1725 per Ccf effective Oct. 1, 2024. As of Sept. 30, 2024, the GCA over collection balance was \$2.6 million. The over collection balance changed by \$2.6 million from the \$5.2 million over collection balance reported for June. Colorado Springs Utilities will continue to provide regular updates to the Utilities Board as appropriate.



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

Water Outlook

Nick Harris, P.E.

Water Resource Engineer, Water Resource Planning

October 1, 2024

Local Weather Conditions as of September 30, 2024

Precipitation (Inches of Moisture)

- September 2024 – 0.87 in. (64% of normal)
- 2024 YTD Total – 13.47 in. (93% of normal)

Average Temperature (Degrees F)

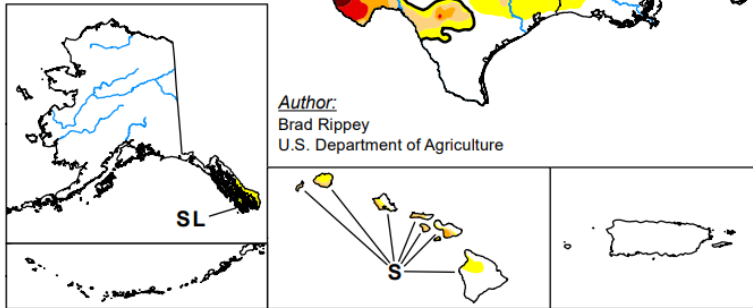
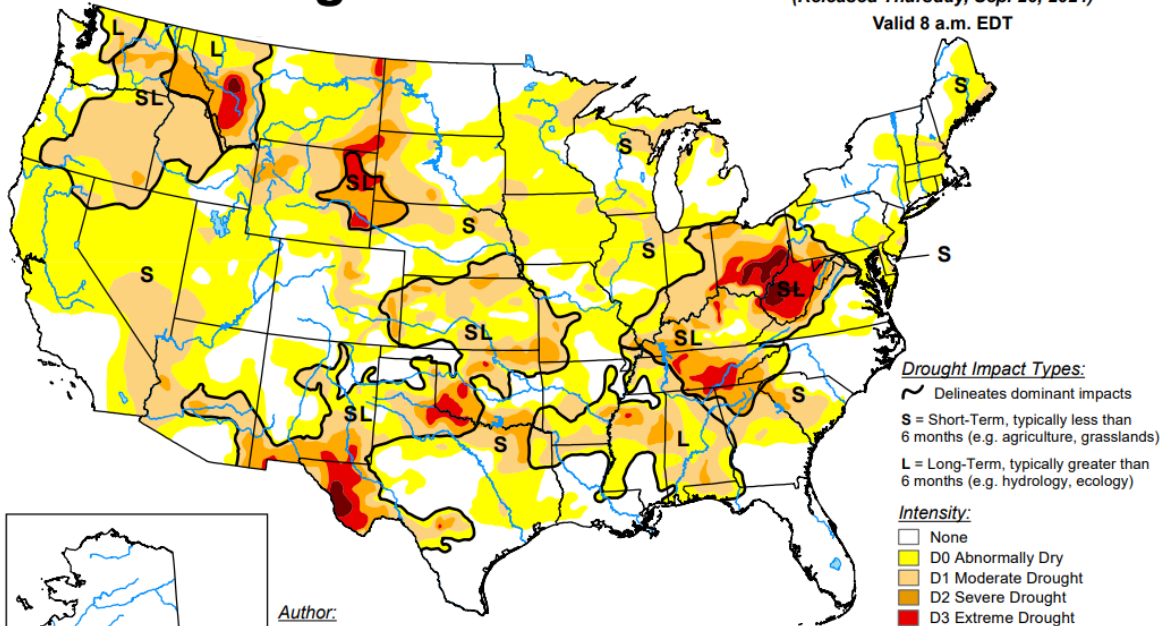
- September 2024 – 66.4 Deg. (3.3 deg. above normal)
- 2024 YTD Average – 55.6 Deg. (1.8 deg. above normal)



DROUGHT MONITOR

U.S. Drought Monitor

September 24, 2024
 (Released Thursday, Sep. 26, 2024)
 Valid 8 a.m. EDT



Author:
 Brad Rippey
 U.S. Department of Agriculture

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>

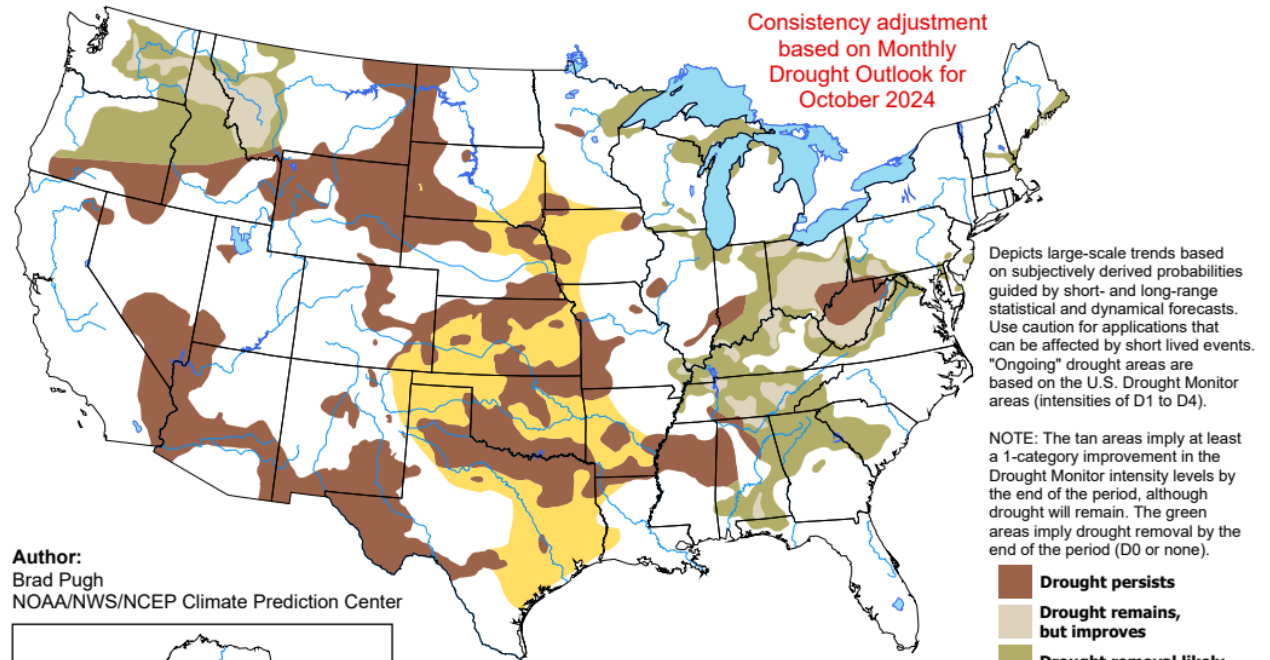


droughtmonitor.unl.edu

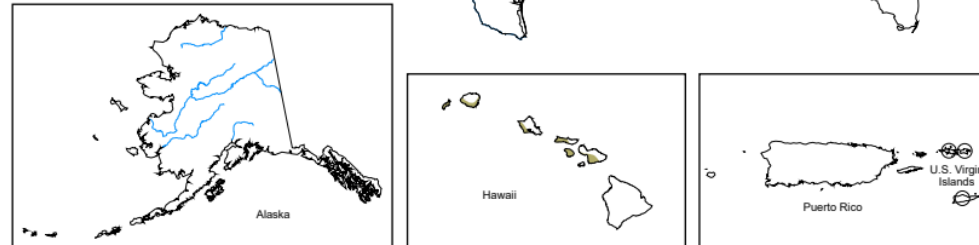
U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period

Valid for October 1 - December 31, 2024
 Released September 30, 2024



Author:
 Brad Pugh
 NOAA/NWS/NCEP Climate Prediction Center



- Drought persists
- Drought remains, but improves
- Drought removal likely
- Drought development likely
- No drought

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

Colorado

Map released: Thurs. September 26, 2024

Data valid: September 24, 2024 at 8 a.m. EDT

Intensity

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

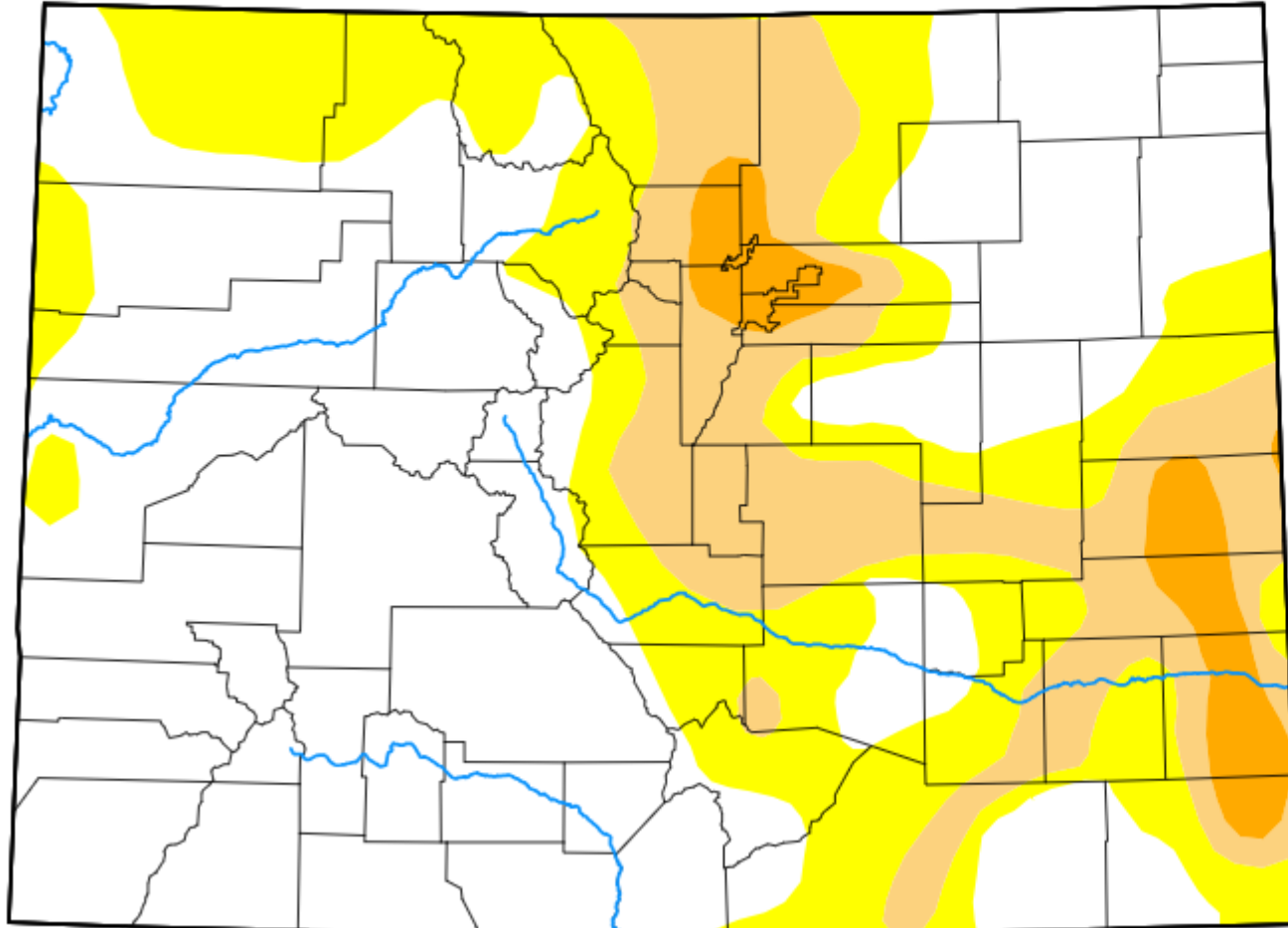
Authors

United States and Puerto Rico Author(s):

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

Pacific Islands and Virgin Islands Author(s):

[Rocky Bilotta](#), NOAA/NCEI



2024 Demands

September

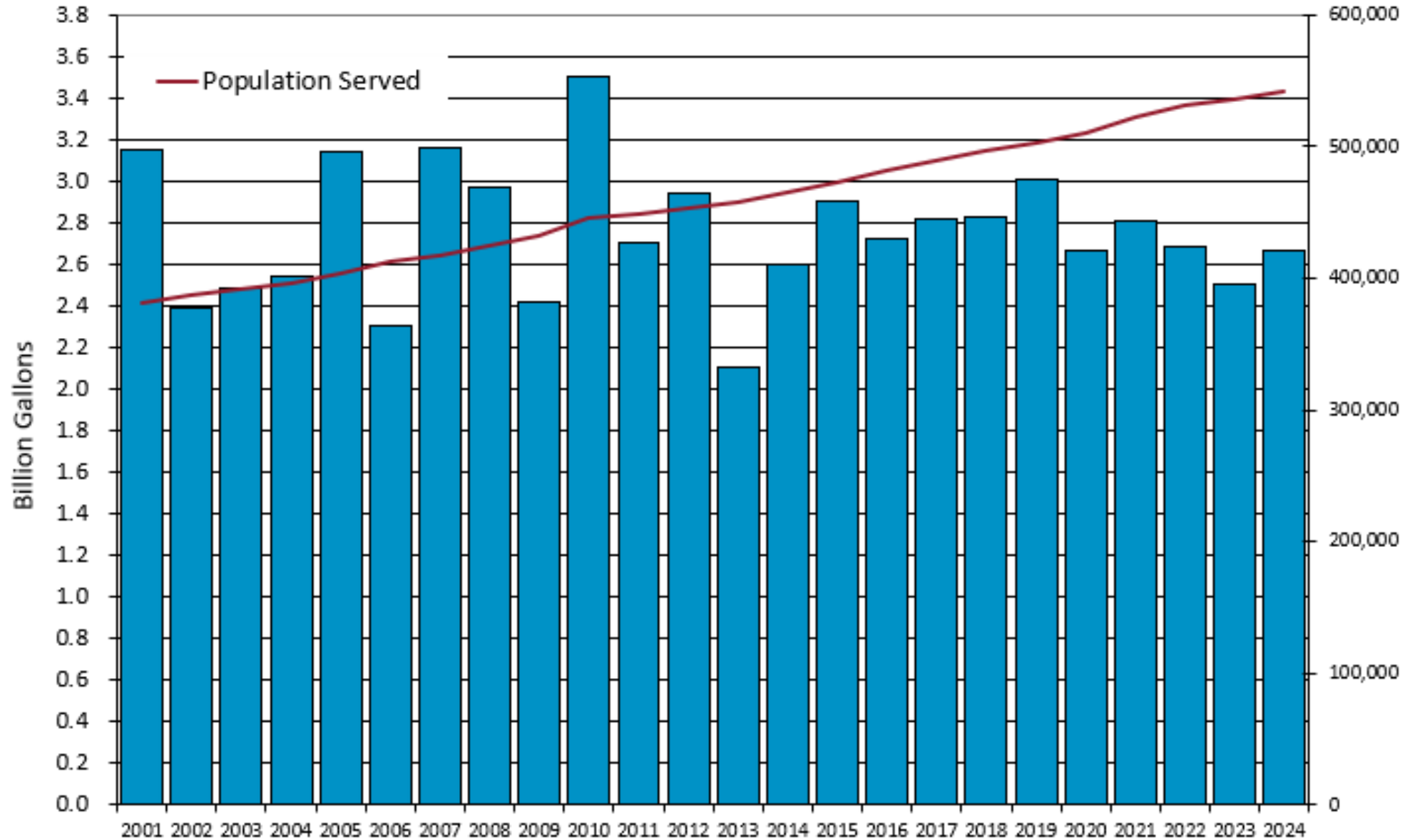
- Averaged 89.0 MGD
- 6.8% greater than September 2023

2024 Year to Date through September 30

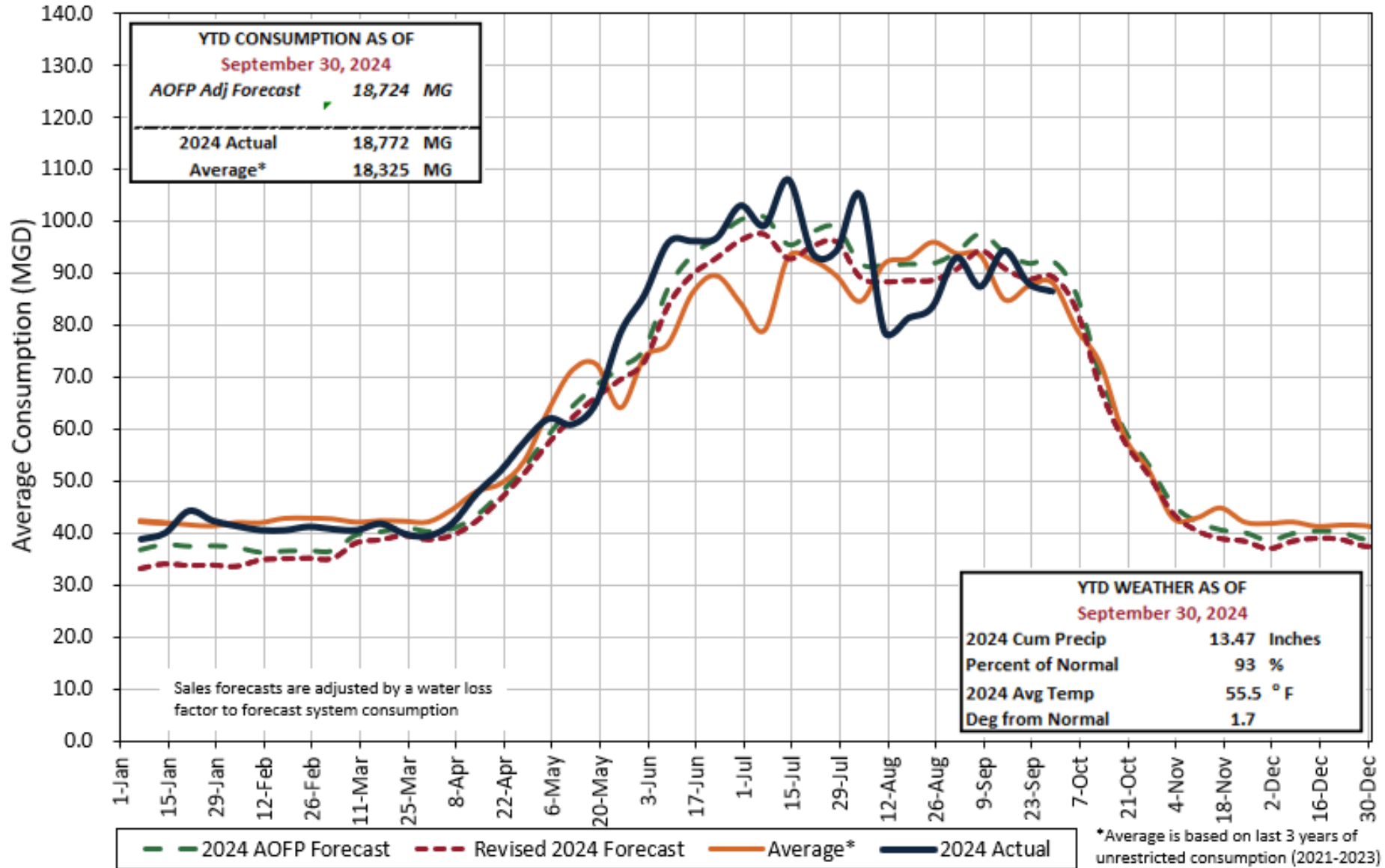
- Averaging 68.5 MGD, 18.8 BG total
 - 9.6% more than September 2023
 - 1.6 Billion Gallons more than 2023



Monthly Water Use for September



2024 Actual Consumption (Weekly Data)



Upper Blue Reservoir

Reservoir Levels

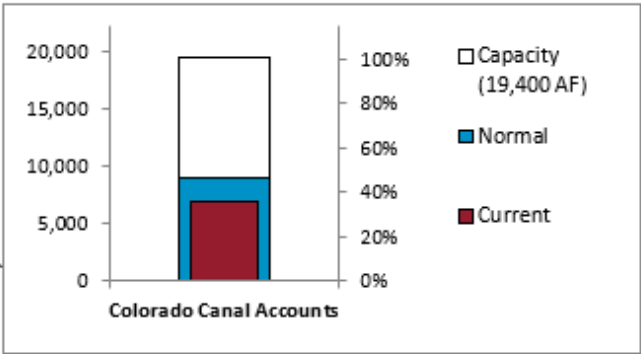
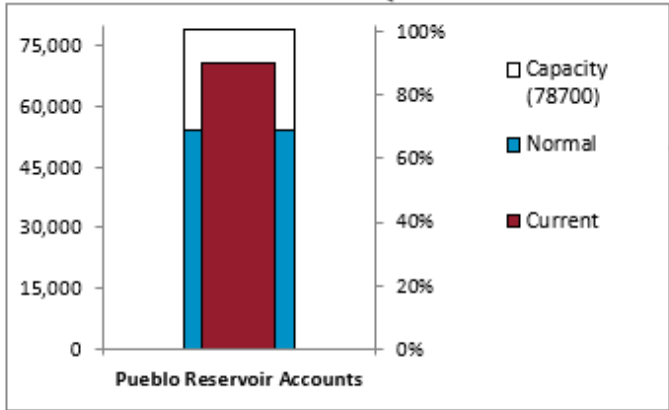
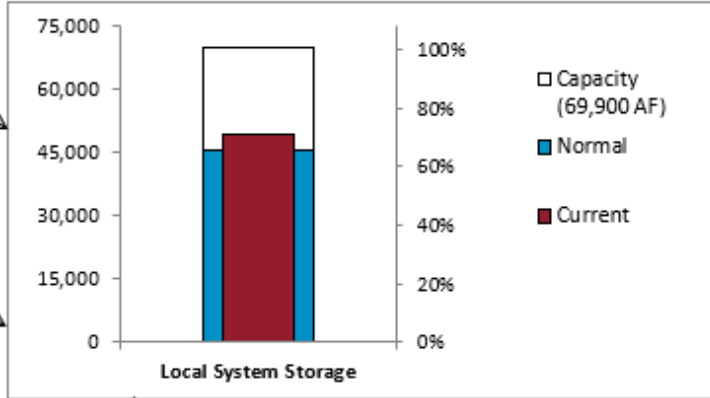
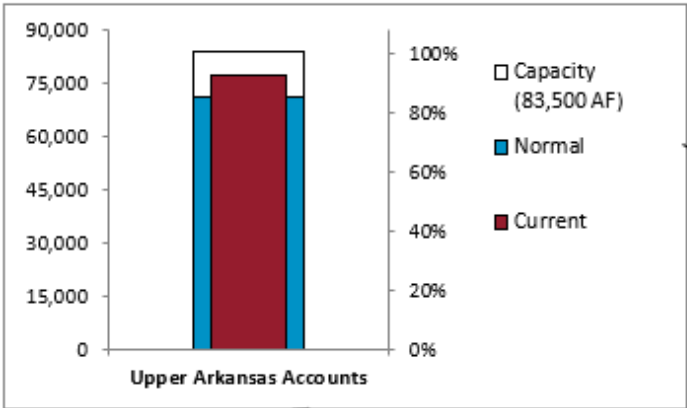
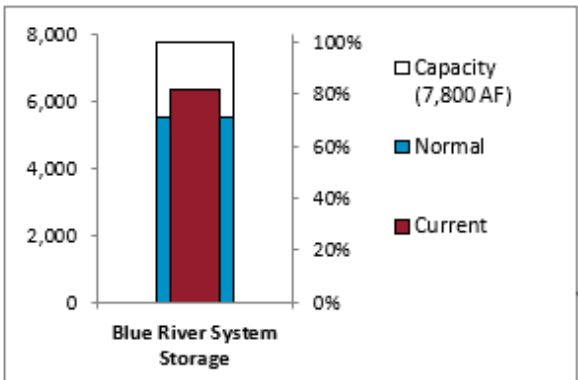
September 30, 2024

- Pikes Peak 65 %
 - 91-20 Avg. 69 %
- Rampart 72 %
 - 91-20 Avg. 67 %
- Local Total 70 %
 - 91-20 Avg. 68 %
- System Total 81 %
 - 91-20 Avg. 77 %

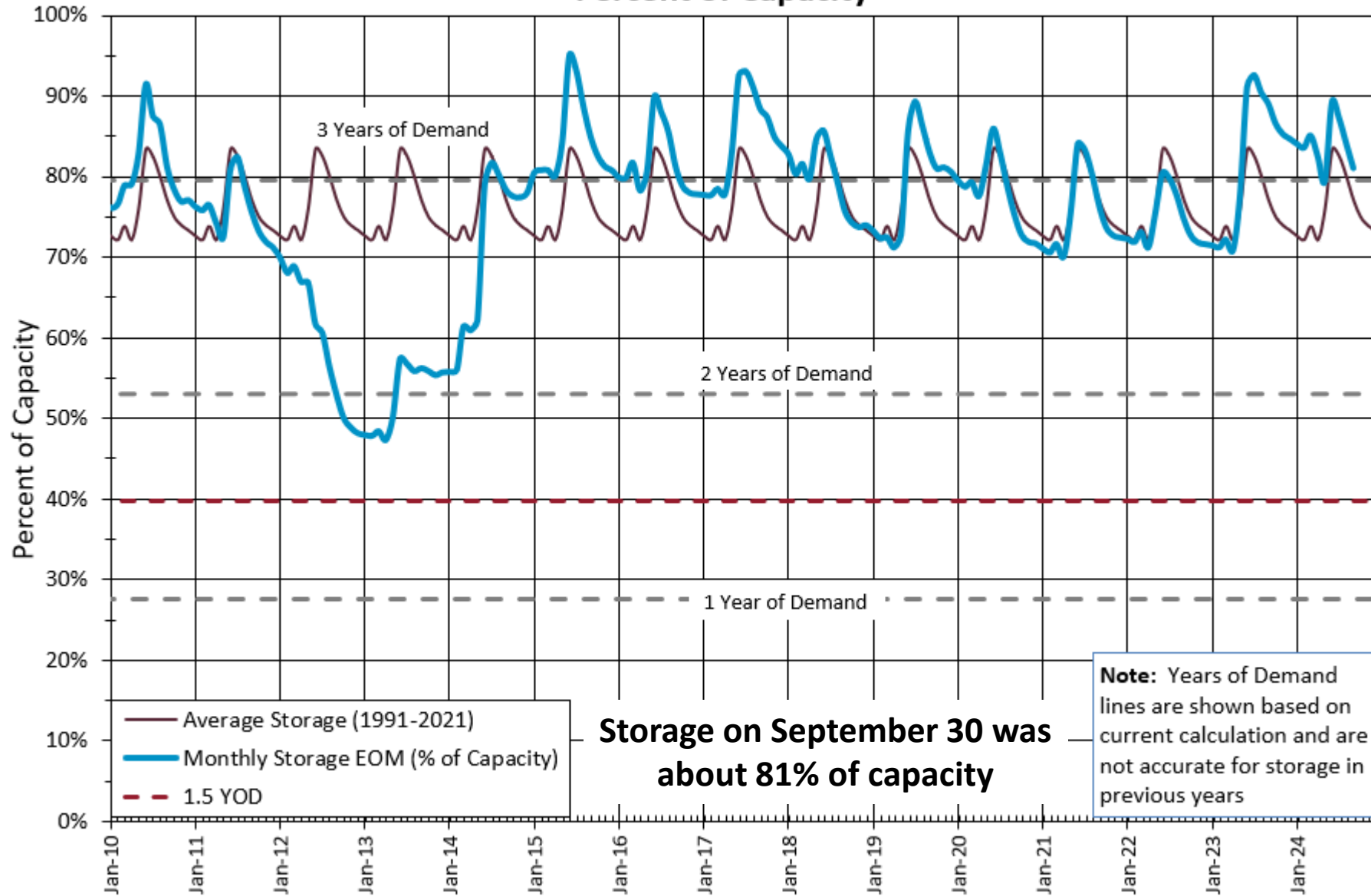


Colorado Springs' System Wide Storage:

September 30, 2024	210,600 af
	81.1 %
2001-2022 avg	185,000 af
	71.2 %
Average YTD Demand	68.5 MGD



Monthly Storage Percent of Capacity



Water Outlook

- Situation Outlook Summary
 - System-wide storage is at 81.1% of capacity, about 4% above our long-term average
 - About 3.1 years of demand in storage, based on the past 3 years of demand
 - Have 244 days of demand in local storage
- Three-month outlook predicts
 - Higher chance for above normal temperatures across Colorado
 - Slight chance for below average precipitation across Colorado
- We continue to monitor precipitation, demand and storage to maximize available water supply

Operational Notes

Storage Conditions

- South Catamount Reservoir capacity remains restricted for planned dam maintenance
- South Suburban Reservoir is drained for outlet work repairs



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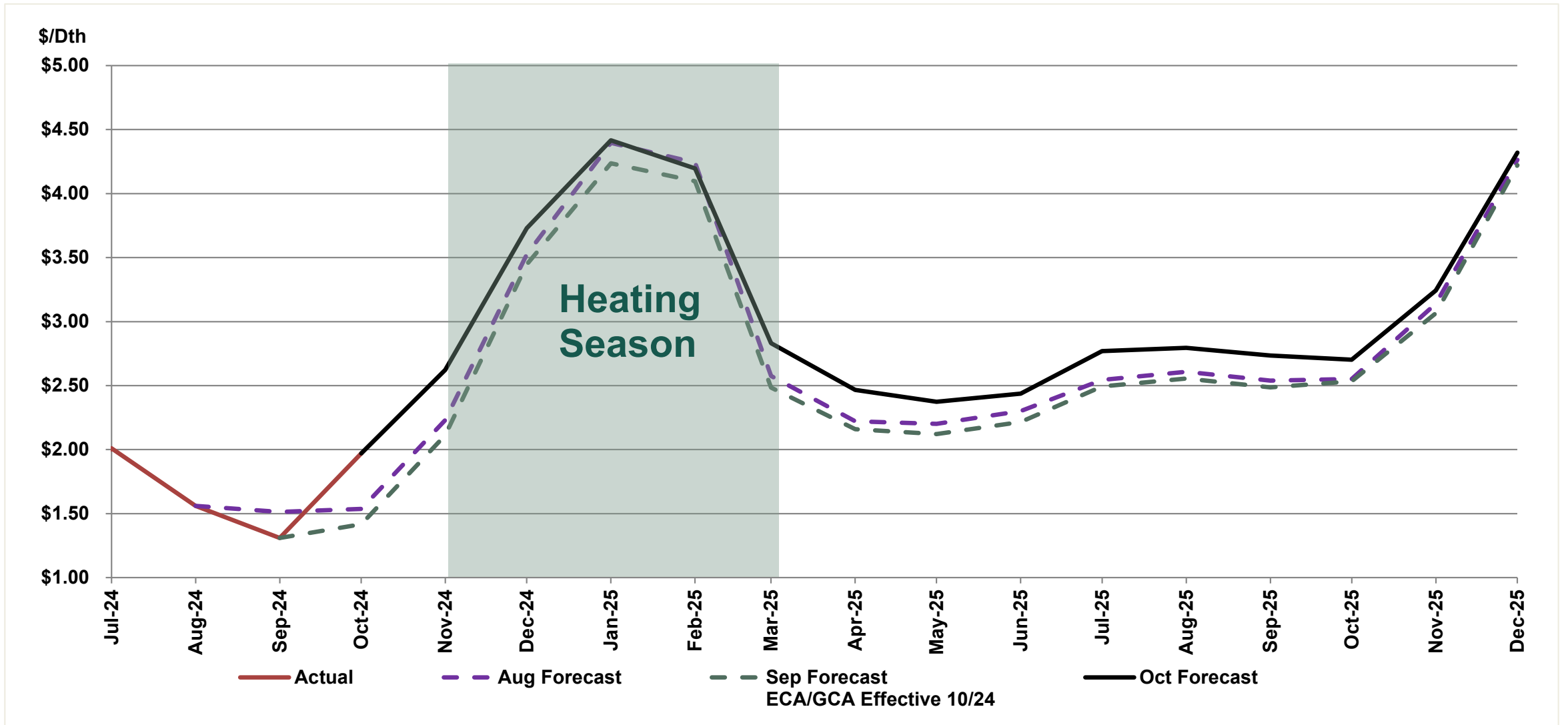
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Electric Cost Adjustment Gas Cost Adjustment

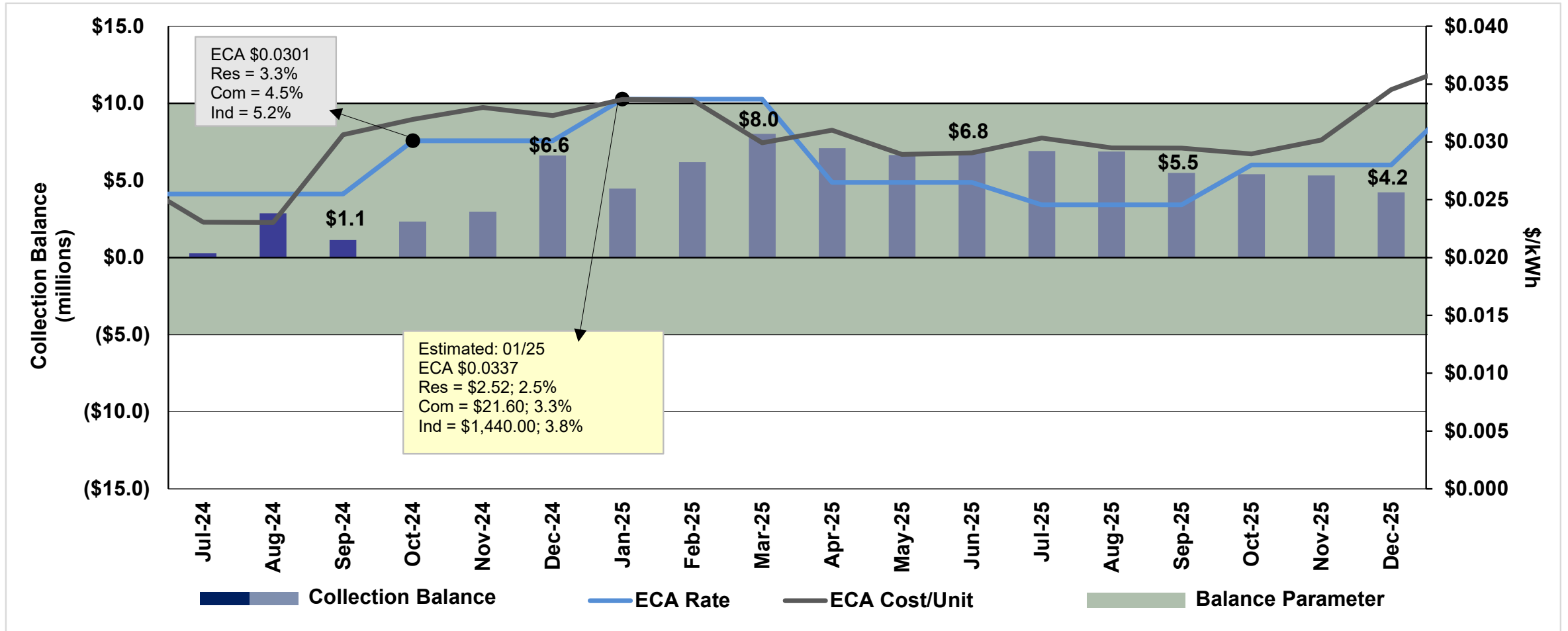
Scott Shirola, Pricing and Rates Manager

October 16, 2024

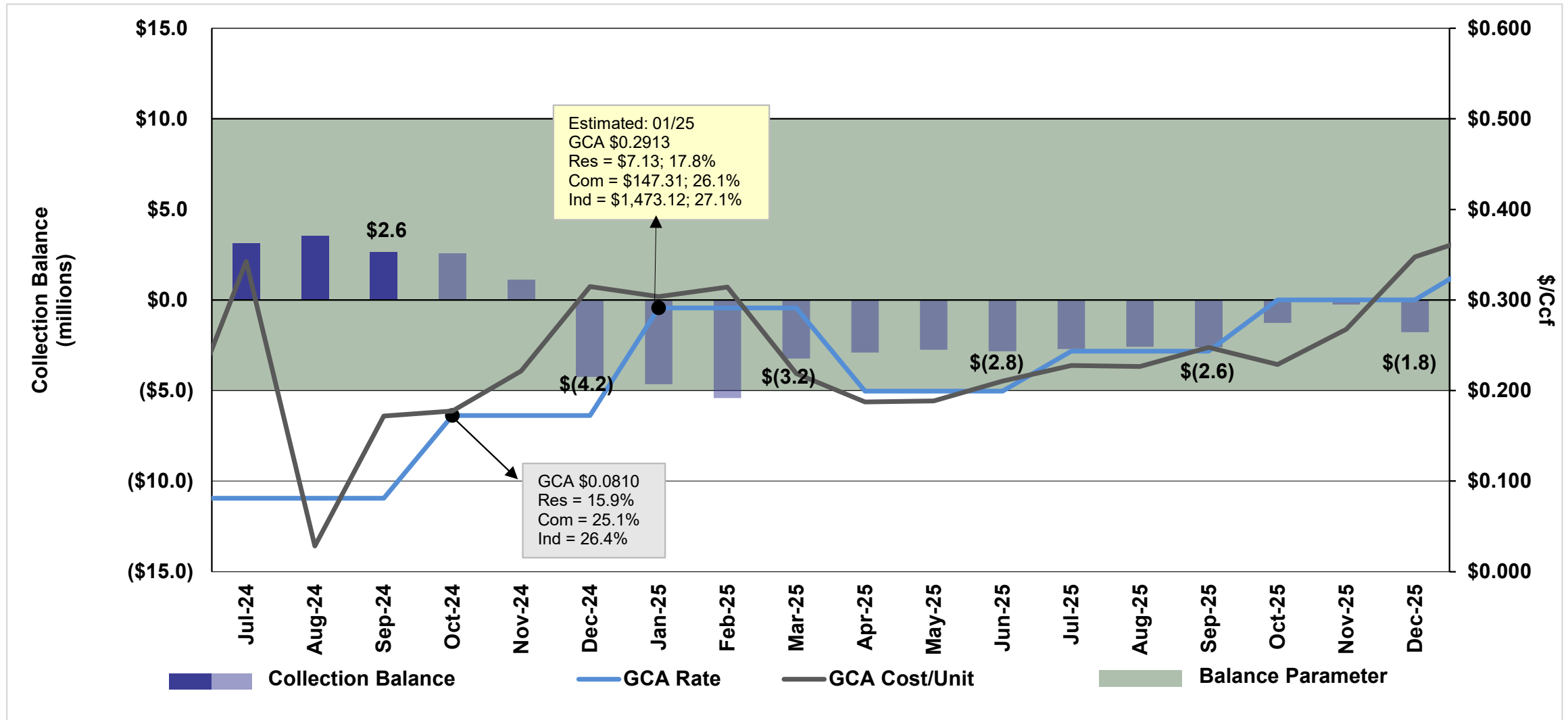
Natural Gas Prices as of October 1, 2024



ECA Projections October 2024



GCA Projections October 2024





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Board Memo Agenda Item Staff Report

Date: (Date of Utilities Board Meeting)	October 16, 2024
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	Naming of the Miskel Reservoir
NARRATIVE:	
Desired Action: Choose only one	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Information
Executive Summary:	<p>Staff recommends renaming Lower Williams Creek Reservoir for Harold Miskel. Sixteen miles southeast of the city, Lower Williams Creek Reservoir is planned for storage and exchange of reusable return flow from the Southern Delivery System.</p> <p>Mr. Miskel was employed by the City of Colorado Springs/ Colorado Springs Utilities from 1966 to 1999 and served as president of Colorado Water Congress in the 1980s. During his career he was an integral part of securing water for the growing Colorado Springs community – leading numerous water rights negotiations, supporting the Fryingpan-Arkansas project and planning for the Southern Delivery System.</p> <p>For more than half a century he’s been an active voice at the state legislature, helping with the development of water law, writing many bills and amendments that are foundations for water development in Colorado.</p> <p>He led the effort to obtain a municipal exchange water right, the Arkansas River Exchange Decree, recognized by the Water Court as a decreed water right in a priority system in 1996. This is the mechanism that allows for the planned Williams Creek Reservoir.</p> <p>Following his retirement from Colorado Springs Utilities, Miskel remained active in the water community, serving on the Colorado Water Conservation Board, the Southeastern Colorado Water Conservancy District Board and in 2016 was named the Wayne N. Aspinall Water Leader of the Year by the Colorado Water Congress.</p>
Benefits:	Recognizing a retiree and significant contributor to water development for Colorado Springs.
Board Policy: If this impacts one of the board policies, indicate that here.	N/A

Cost / Budget: Include the projected cost or budget here.		The reservoir site is yet to be developed; therefore, no additional expense is anticipated by renaming the facility.	
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.		Colorado Springs community, the greater Colorado water community, Colorado Springs Utilities staff and retirees.	
Alternatives:		<ul style="list-style-type: none"> • No name change for Lower Williams Creek Reservoir • Selecting another facility to be named for Mr. Miskel 	
Submitter:	Jessica Davis	Email Address:	Jedavis@csu.org
Division:	System Planning & Projects	Phone Number:	719-668-7581
Department:	Project & Program Management Technology and Facility Project Management	Date Submitted:	Sept. 23, 2024
SPG Staff Use Only:	Consent Calendar <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Item Number 08
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING			



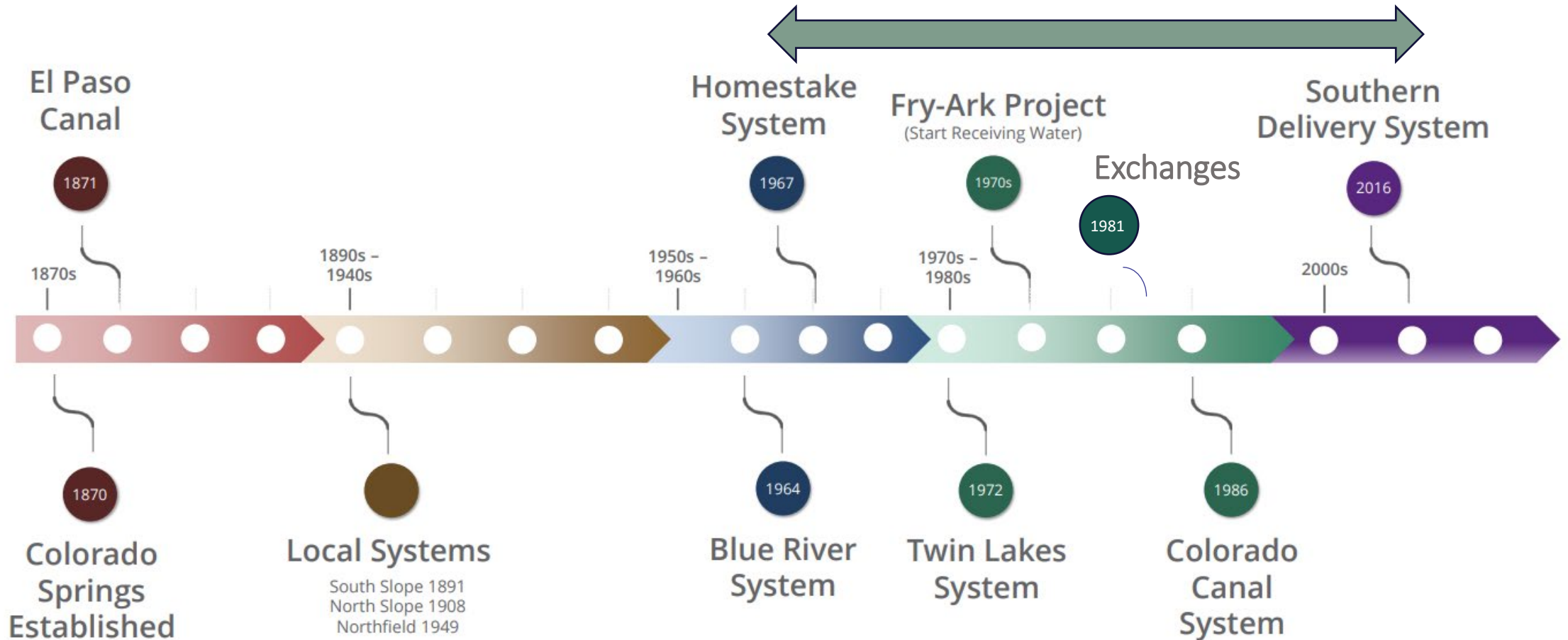
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Renaming Lower Williams Creek Reservoir

Abby Ortega, P.E.

General Manager – Infrastructure & Resource Planning

Planning for water supply



Harold Miskel

- Colorado Springs Utilities 1966 – 1999
 - Fry-Ark Project
 - Arkansas River Exchange Decree
 - Southern Delivery System
- Continued commitment
 - Colorado Water Conservation Board
 - Southeastern Colorado Water Conservancy District Board
 - Colorado Water Congress Aspinall Award Recipient
 - Honorary Life Member of Colorado Water Congress



Next steps

December 10, 2024 City Council resolution

Recognition event

Reservoir development



Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	October 16, 2024		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	Municipal Government Street Lighting		
NARRATIVE:			
Desired Action: Choose only one	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Information		
Executive Summary:	<p>The street lighting infrastructure operated by Colorado Springs Utilities within the City of Colorado Springs is part of the system of utilities owned and operated for the convenience and necessity of the citizens of the City.</p> <p>Colorado Springs City Code § 12.9.103 authorizes Colorado Springs Utilities to assess and collect a street lighting service charge from the City for the provision of street lighting services. Additionally, City Code § 12.9.105 requires Colorado Springs Utilities to annually prepare a revenue requirement setting forth the amount that must be recovered for street lighting service pursuant to City Code § 12.9.103.</p> <p>At the Nov. 12, 2024, Regular Meeting, Utilities will be requesting that City Council set the 2025 Street Lighting Revenue Requirement in the amount of \$5,085,796.</p>		
Benefits:	Supports the 2025 Preliminary Budget and Annual Operating and Financial Plan		
Board Policy: <small>If this impacts one of the board policies, indicate that here.</small>	Pricing and Services (I-1)		
Cost / Budget: <small>Include the projected cost or budget here.</small>	The 2025 Municipal Government Street Lighting Revenue Requirement is consistent with amounts included in the 2025 Preliminary Budget.		
Affected Parties: <small>This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.</small>	City of Colorado Springs		
Alternatives:	Utilities Board to provide alternative direction		
Submitter:	Scott Shirola	Email Address:	sshira@csu.org
Division:	Planning and Finance	Phone Number:	719.668.8661
Department:	Pricing and Rates	Date Submitted:	October 4, 2024
SPG Staff Use Only:	Consent Calendar <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Item Number 09

ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.



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Municipal Government Street Lighting

October 16, 2024

Scott Shirola, Pricing and Rates Manager

Background

- Two distinct Street Lighting services
 - Municipal Government (MG) Street Lighting service
 - Established by City Code as a separate service of Colorado Springs Utilities
 - Cost of Service based MG Street Lighting Revenue Requirement calculation
 - Electric Contract Service – Street Light (Tariff E7SL)
 - Tariff rate available in Colorado Springs Utilities' Electric service territory

2025 Revenue Requirement

Line No.	Description	2024	2025	Difference
<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>(e)</u>
1	Direct Functional Expenditures			
2	Operation and Maintenance	\$ 1,165,236	\$ 1,164,437	\$ (799)
3	Administrative and General	959,158	1,149,280	190,122
4	Debt Service	529,704	529,568	(136)
5	Cash Funded Capital	941,651	890,792	(50,859)
6	Additions to Cash	(615,754)	(684,625)	(68,870)
7	Less: Revenue Credits	17,613	22,335	4,721
8	Total Direct Functional Expenditures	\$ 2,962,381	\$ 3,027,118	\$ 64,737
9	Allocated from 2025 Electric Cost of Service Study	1,147,431	1,270,383	122,952
10	Total Cost of Service	\$ 4,109,812	\$ 4,297,500	\$ 187,689
11	Fuel	643,268	788,296	145,027
12	Total Street Lighting	\$ 4,753,080	\$ 5,085,796	\$ 332,716

Next Steps

- November 12, 2024 – City Council Meeting
 - Propose Resolution setting Municipal Government Street Lighting Revenue Requirement



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Board Memo Agenda Item Staff Report

Date: <small>(Date of Utilities Board Meeting)</small>	October 16, 2024		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	Ordinance Approving Letter of Credit		
NARRATIVE:			
Desired Action: Choose only one	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Information		
Executive Summary:	<p>On Sept. 17, 2024, Colorado Springs Utilities entered into a Precedent Agreement to lease capacity on a natural gas pipeline to be constructed by a third party. To comply with the terms of the Precedent Agreement, Colorado Springs Utilities is obligated to deliver a standby, irrevocable Letter of Credit.</p> <p>The Ordinance addresses approval of the Letter of Credit Agreement for a term of five years. Colorado Springs Utilities intends to present the ordinance at the Nov. 26, 2024, and Dec. 10, 2024, City Council meetings.</p>		
Benefits:	Executing this agreement is necessary to maintain compliance with the Precedent Agreement.		
Board Policy: <small>If this impacts one of the board policies, indicate that here.</small>	N/A		
Cost / Budget: <small>Include the projected cost or budget here.</small>	Estimated annual cost is \$500,000 to \$550,000.		
Affected Parties: <small>This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.</small>	N/A		
Alternatives:	N/A		
Submitter:	Adam Hegstrom	Email Address:	ahegstrom@csu.org
Division:	Planning and Finance Division	Phone Number:	719-668-8530
Department:	Treasury and Finance	Date Submitted:	October 14, 2024
SPG Staff Use Only:	Consent Calendar <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Item Number

ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.



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Ordinance Approving Letter of Credit

Adam S. Hegstrom
Treasury and Finance Manager
October 16, 2024

Plan of Finance Objectives

Plan of Finance efforts are dedicated towards four key objectives:

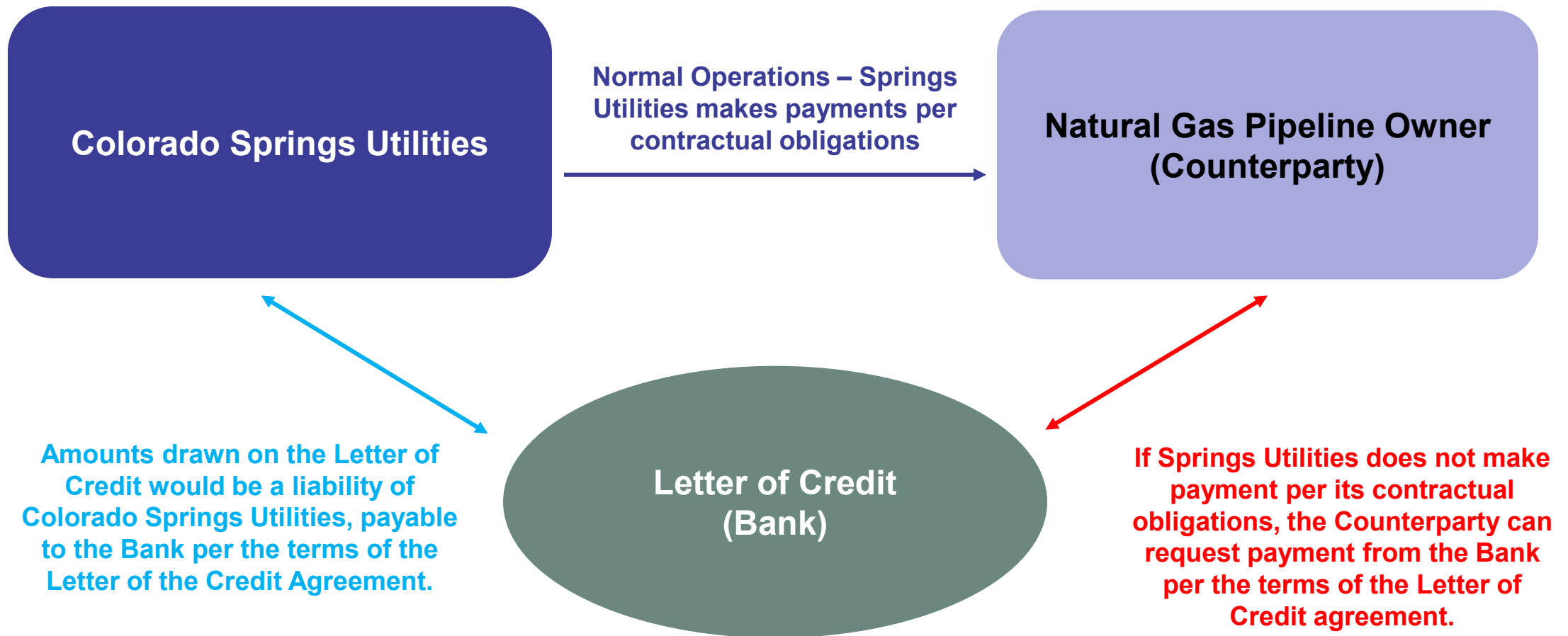
1. Fund the debt-backed portion of The Utilities' upcoming capital plan
2. Manage and optimize The Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage credit rating agency relationships



Background

- On Sept. 17, 2024, Colorado Springs Utilities entered into an agreement to lease capacity on a natural gas pipeline ('Precedent Agreement') to be constructed by a 3rd party (Counterparty)
- Counterparty will construct, own and operate the pipeline
- Colorado Springs Utilities is the 'anchor shipper' on the pipeline
- After in-service date in November 2027 (*estimated*), Springs Utilities has agreed to lease certain amounts of natural gas storage and capacity for a 20-year term
- To comply with the terms of the Precedent Agreement, Utilities is obligated to deliver a standby irrevocable Letter of Credit

Letter of Credit Overview



Letter of Credit

- An Request For Proposal (RFP) process was completed to solicit proposals from multiple banks
- Intent to Award to Sumitomo Mitsui Banking Corporation
- Per the terms of the Precedent Agreement, the Letter of Credit must be in place through the project in-service date

Letter of Credit Terms	
Sizing – Facility Amount	\$115,000,000
Agreement Term	5 years
Estimated Annual Cost	\$500k - \$550k

Next Steps

- Execution of this agreement requires authorization from City Council through an ordinance
- Key Dates

Letter of Credit Agreement Actions:	Date*
<i>Precedent Agreement Executed</i>	<i>September 17, 2024</i>
<i>Letter of Credit RFP Distributed to Banks</i>	<i>September 20, 2024</i>
<i>Letter of Credit RFP Process Completed</i>	<i>October 3, 2024</i>
<i>Finance Committee Presentation</i>	<i>October 14, 2024</i>
Utilities Board Presentation	October 16, 2024
1 st Reading of Letter of Credit Ordinance at City Council	November 26, 2024
2 nd Reading of Letter of Credit Ordinance at City Council	December 10, 2024
Execution of Letter of Credit Agreement	December 17, 2024



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Board Memo Agenda Item

Staff Report

Date: <small>(Date of Utilities Board Meeting)</small>	October 16, 2024		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	Clear Creek Intergovernmental Agreement (IGA) Addendum		
NARRATIVE:			
Desired Action: <small>Choose only one</small>	<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Discussion <input type="checkbox"/> Information		
Executive Summary:	<p>In 2022, Colorado Springs Utilities entered into an Intergovernmental Agreement (IGA) with Pueblo Board of Water Works (PBWW) to investigate the feasibility of enlarging Clear Creek Reservoir. The reservoir is owned by PBWW and located near Granite, CO in Chaffee County. The IGA Addendum outlines additional scope needed for feasibility analysis, certain capital investments for land and mitigation and clarifies respective rights and obligations. The Addendum will provide critical information to understand the feasibility of an expanded reservoir.</p> <p>Furthermore, the resolution authorizes the Chief Executive Officer of Colorado Springs Utilities to sign the IGA addendum and additional IGA addendums to be executed by the Springs Utilities Chief Executive Officer without requiring further approval by Utilities Board and City Council.</p>		
Benefits:	Preserves the opportunity for Springs Utilities to gain water storage in an expanded Clear Creek Reservoir.		
Board Policy: <small>If this impacts one of the board policies, indicate that here.</small>	N/A		
Cost / Budget: <small>Include the projected cost or budget here.</small>	Springs Utilities will cost share with PBWW for the reservoir expansion project expenses, including feasibility studies and property acquisition. Springs Utilities estimated contribution is about \$500,000 for feasibility studies and about \$1,500,000 for property.		
Affected Parties: <small>This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.</small>	The parties are Pueblo Board of Water Works and Colorado Springs Utilities.		
Alternatives:	Approve or disapprove the Addendum to the 2022 IGA.		
Submitter:	Abigail Ortega	Email Address:	ajortega@csu.org
Division:	Water Resource Management	Phone Number:	719-668-8748
Department:	Infrastructure and Resources Planning	Date Submitted:	Sept. 23, 2024
SPG Staff Use Only:	Consent Calendar <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Item Number 11
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING			



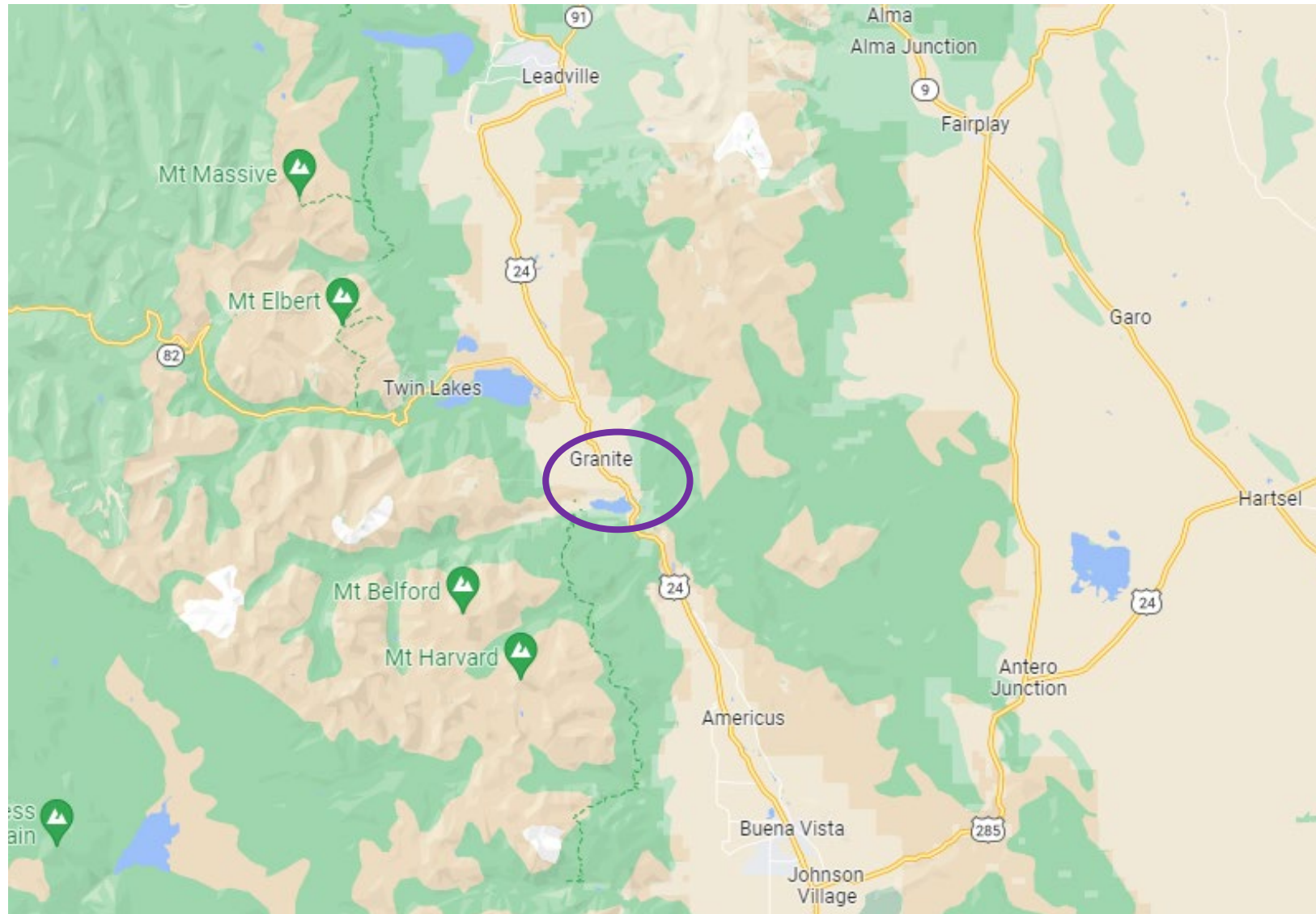
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Addendum to Intergovernmental Agreement

Between Pueblo Board of Water Works (PBWW) and
Colorado Springs Utilities

Tyler Benton, Water Resources Planning Engineer

Project Location



PBWW Clear Creek Reservoir 2022 IGA

- PBWW owns and operates Clear Creek Reservoir, located near Granite, CO in Chaffee County.
- PBWW is conducting a study to determine the feasibility of enlarging the reservoir from 11,015 acre-feet to approximately 30,000 acre-feet of capacity.
- Colorado Springs Utilities desires to investigate the feasibility of an enlargement of the reservoir to assist with meeting the future water supply demands of its customers.
- In 2022 the parties executed an IGA providing for Colorado Springs Utilities' participation in the feasibility study and for the parties to negotiate further intergovernmental agreements for Colorado Springs Utilities' participation in the enlargement.

Clear Creek Reservoir IGA 2024 Addendum

- Continuation of investigations on the feasibility of an enlargement of the reservoir, including water quality monitoring.
- Sets forth respective rights and obligation of Parties in the purchase of property and capital investments.
- Adds options for developing wetland mitigation projects.
- Clarifies the respective rights and obligations of the parties thereto, and correct typographical errors.

Staff is proposing Chief Executive Officer of Colorado Springs Utilities to execute future addendums to IGA

Recommendation

- Utilities Board authorize Colorado Springs Utilities to take the Intergovernmental Agreement (IGA) Addendum to City Council for consideration on the consent calendar at its Oct. 22, 2024 meeting.



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Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	October 16, 2024
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	Drake Regulatory Asset

NARRATIVE:

Desired Action: Choose only one	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Information
Executive Summary:	<p>Colorado Springs Utilities seeks approval from City Council to increase the amount of the Martin Drake Power Plant regulatory asset that was established under Resolution 137-23 due to additional estimated costs for pollution remediation. These additional costs will be expensed over a 10-year period as they are incurred to help smooth the rate impact. With City Council approval, the proposed increase to the regulatory asset is \$3,000,000, for costs incurred in 2024 and continuing through 2025.</p>
Benefits:	If approved, this action will help smooth the rate impact of incurring the costs of Drake Decommissioning by amortizing those costs over a 10-year period.
Board Policy:	I-3, Financial Planning and Budgeting. If approved, this will ensure that costs are shared between current and future customers.
Cost / Budget:	With City Council approval of the \$3,000,000 increase, Martin Drake Power Plant's regulatory asset will have a total value of \$23,525,070 and would increase the amortization period by one year to a total of 12 years.
Affected Parties:	N/A
Alternatives:	Without the increase to the existing regulatory asset, the annual expenses would be recorded against income in the year incurred and potentially drive short-term rate increases.

Submitter:	Natalie Lovell	Email Address:	nlovell@csu.org
Division:	Planning & Finance Division	Phone Number:	719-668-4438
Department:	Accounting	Date Submitted:	September 30, 2024
SPG Staff Use Only:	Consent Calendar <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Item Number	12

ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.



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Drake Decommissioning Regulatory Asset Resolution

October 2024

Purpose & Executive Summary

- Presentation of Finance Committee:
 - Informational purposes only
 - Preparation for seeking a resolution from City Council in December

- Executive Summary

Colorado Springs Utilities seeks approval from City Council to increase the amount to the Martin Drake Power Plant regulatory asset that was established under Resolution 137-23 for additional estimated costs due to pollution remediation. These additional costs will be expensed over a 10-year period as they are incurred to help smooth the rate impact. With City Council approval, the proposed increase to the regulatory asset is \$3,000,000, for costs incurred in 2024 and continuing through 2025.

Background- Government Accounting

Government Accounting Standards Board (GASB) Statement 62 & FAS 71 / Accounting Standards Codification (ASC) 980

- Regulatory Asset is allowed by standards, if:
 - Rates are established by governing board empowered by statute to establish rates
 - Regulated rates are designed to recover the costs of the Utility providing the regulated services
 - It is reasonable to assume that rates can be charged and collected from customers
- Financial Implications:
 - Defers expended costs to the balance sheet as a regulatory asset
 - Amortized expenses are recorded on the income statement over a set period of time

Benefits and Prior Council Action

- Benefits
 - Rate stabilization, smoothing rate impact
 - Operating benchmarks comparable to their investor-owned peer utilities
 - Match their accounting to utility industry standards.
- Previous Council Action
 - 2009, Resolution 312-09, Southern Delivery System
 - 2013, Resolution 26-13, Debt Issuance Cost
 - 2023, Resolution 137-23 Martin Drake Power Plant's Obsolete inventory and Decommissioning Costs

Estimated Costs for Martin Drake Regulatory Asset Amortization Schedule (in thousands)
(original \$20,525 plus the additional \$3,000)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Cash Outflow & Regulatory Asset Recorded (Balance Sheet)														
23 Decommissioning Contractor Expense	\$ 13,907													\$ 13,907
24 Decommissioning Contractor Expense		\$ 8,618												\$ 8,618
25 Decommissioning Contractor Expense			\$ 1,000											\$ 1,000
Total Cash Outflow and Regulatory Asset	\$ 13,907	\$ 8,618	\$ 1,000											\$ 23,525
														Amount approved by Resolution 137-23
														Estimated additional amount
														<u>\$ (20,525)</u>
														<u>\$ 3,000</u>
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Amortization Recorded in Planning (Income Statement)														
23 Decommissioning Contractor Expense		\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391			\$ 13,907
24 Decommissioning Contractor Expense			\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862		\$ 8,618
25 Decommissioning Contractor Expense				\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,000
Total Amortization and Expenses against Income	\$ -	\$ 1,391	\$ 2,253	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 962	\$ 100	\$ 23,525
														Amount approved by Resolution 137-23
														Estimated additional amount
														<u>\$ (20,525)</u>
														<u>\$ 3,000</u>
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
No Regulatory Asset	\$ 13,907	\$ 8,618	\$ 1,000											\$ 23,525
With Regulatory Asset	\$ -	\$ 1,391	\$ 2,253	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 962	\$ 100	\$ 23,525

Note: 2023 is actual amount incurred. 2024-2025 are estimated remaining costs.

Next Steps- Procedural Requirements

- October 14, 2024- Finance Committee
 - Overview and general discussion
- November 20, 2024- Utilities Board
 - Discussion Agenda Item
- December 10, 2024- City Council
 - Consent agenda, proposed
 - Resolution passed

SCHEDULE 1
Estimated Costs for Martin Drake Regulatory Asset Amortization Schedule (in thousands)
(original \$20,525 plus the additional \$3,000)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Cash Outflow & Regulatory Asset Recorded (Balance Sheet)														
23 Decommissioning Contractor Expense	\$ 13,907													\$ 13,907
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Total Cash Outflow and Regulatory Asset	\$ 13,907	\$ 8,618	\$ 1,000											\$ 23,525
														Amount approved by Resolution 137-23
														\$ (20,525)
														Estimated additional amount
														<u>\$ 3,000</u>
Amortization Recorded in Planning (Income Statement)														
23 Decommissioning Contractor Expense		\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391	\$ 1,391		\$ 13,907
24 Decommissioning Contractor Expense			\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 862	\$ 8,618
25 Decommissioning Contractor Expense				\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,000
Total Amortization and Expenses against Income	\$ -	\$ 1,391	\$ 2,253	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 962	\$ 100	\$ 23,525
														Amount approved by Resolution 137-23
														\$ (20,525)
														Estimated additional amount
														<u>\$ 3,000</u>
Summary of Regulatory Asset														
No Regulatory Asset	\$ 13,907	\$ 8,618	\$ 1,000											\$ 23,525
With Regulatory Asset	\$ -	\$ 1,391	\$ 2,253	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 2,353	\$ 962	\$ 100	\$ 23,525

Note: 2023 is actual amount incurred. 2024-2025 are estimated remaining costs

RESOLUTION NO. _____ - 24

A RESOLUTION TO INCREASE THE AMOUNT OF THE REGULATORY ASSET ASSOCIATED WITH MARTIN DRAKE POWER PLANT'S DECOMMISSIONING COSTS

WHEREAS, Colorado Springs Utilities (Utilities) is subject to regulation by the Colorado Springs City Council with respect to rates charged for services, budgeting, accounting, and other matters pertaining to regulated operations; and

WHEREAS, Utilities, in accordance with industry best practices, follows Generally Accepted Accounting Principles (GAAP) and the additional Governmental Accounting Standards Board (GASB) Pronouncements, as applicable; and

WHEREAS, Utilities applies the provisions of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA ("GASB 62") when relevant circumstances arise; and

WHEREAS, in accordance with GASB 62, Utilities should, if allowed, capitalize all or part of the costs that would otherwise be charged to expense if: (1) it is probable that future revenue will result from inclusion of that cost in allowable costs for rate-making purposes; and (2) based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs; and

WHEREAS, Utilities proposes to utilize, in accordance with GASB 62, the recognition of a regulatory asset for costs associated with Martin Drake Power Plant's obsolete inventory and decommissioning expenditures that would otherwise be expensed as incurred each year; and

WHEREAS, City Council approved Resolution 137-23 on October 10, 2023 establishing a regulatory asset value of \$20,525,070 and this resolution increases the estimated expenditures for the regulatory asset established in Resolution 137-23, and are outlined in Schedule 1, which is attached and made a part of this Resolution; and

WHEREAS, upon City Council approval, the regulatory asset will increase by \$3,000,000 starting January 1, 2024, and continuing through December 31, 2025, for the additional estimated costs associated with Martin Drake Power Plant's decommissioning and appropriately captures the long-term benefit of the expenditure.

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

Section 1. That the increase supplemental amount for the Regulatory Asset in the amount of \$3,000,000 and the amortization schedule are approved.

Dated at Colorado Springs, Colorado this _____ day of _____, 2024.

Randy Helms, Council President

ATTEST:

Sarah B. Johnson, City Clerk