

Reliably Met Demand (RMD)

What is Reliably Met Demand?

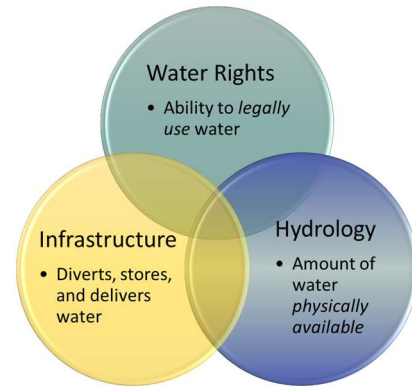
Springs Utilities evaluates the performance of our water system by determining the maximum annual demand that can reliably be met while maintaining Level of Service criteria through supply reduction and infrastructure outage risks, we call this Reliably Met Demand or RMD.

How do we model RMD?

Modeling RMD includes incorporation of forward-looking hydrology, water rights and administration, infrastructure configurations and operations, Levels of Service (LOS) and risk criteria to optimize the system to meet demands. Without the connection between all these components, we would not be able to test and assess the resiliency or response of the integrated system to critical planning factors.

What is our system performance without planning for risk?

In the past Utilities did not plan around risk scenarios. The system used a flat reserve margin and system yield analysis. Certain risks are impactful depending on the frequency, severity and duration. Planning for our future needed to better represent potential risks, including climate change impacts on hydrology, alongside actual operations versus uniform assumptions to better understand how the integrated system can meet future demands and what portfolio of storage and supply options are needed to maintain reliability.

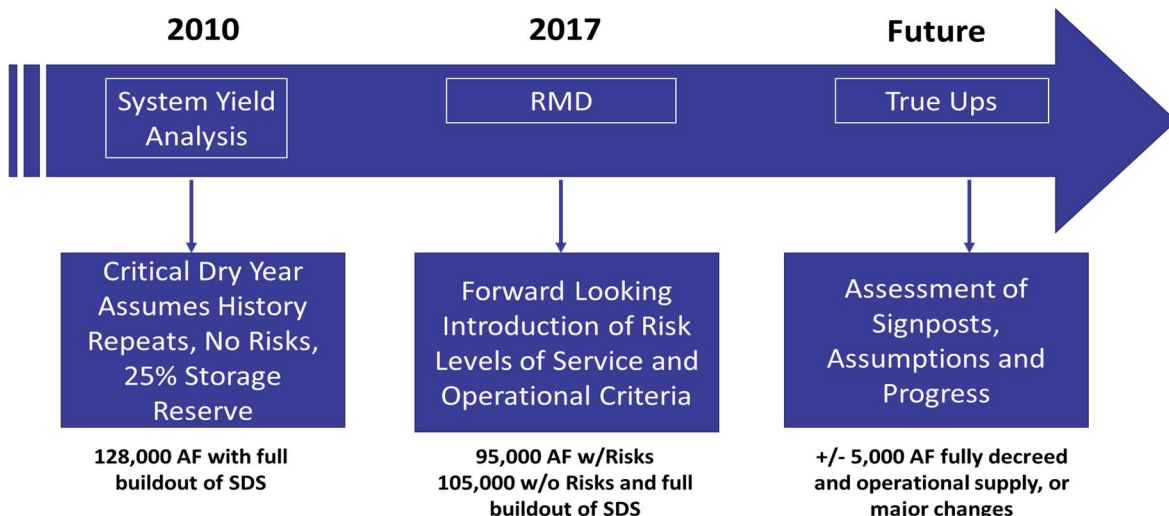


The IWRP approaches risk as a management and mitigation problem

What is our system performance for specific service levels?

Modeling RMD is most sensitive to the LOS criteria and is critical to maintaining system performance, demand reliability and minimizing watering restrictions.

For example, if the only LOS criteria maintained was demand reliability, meaning indoor demand is met 100% of the time, then RMD would be 121,000 acre-feet /year. However, this would mean more frequent watering restrictions and allowing for less than one year of demand in storage leaving the system at risk for unforeseen or compounding risk events.



Near-Term Portfolio Project Updates per Table 11-4 in IWRP

| Project | Update |
|---|---|
| Tollefson (Mesa) Upgrades | Complete* |
| Bear Creek Intake | Design |
| Pikeview to Tollefson Transfer | Complete* |
| Shortage Response Leasing | Complete |
| Upper Williams Cr. (Bostrom) | Permitted however need date: 2040 - 2045 |
| Montgomery Enlargement | Active Permitting |
| Fountain Creek Gravel Storage/ Lower Williams Creek Reservoir | Permitted, not constructed, conducting additional IPR studies |
| Arkansas Gravel Storage (ROY) | Studies and Alternatives Analysis |

*Complete and included in existing RMD figure

