Colorado Springs Utilities
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PTAA Annexation

Four-Service Perspective

August 12, 2025, City Council

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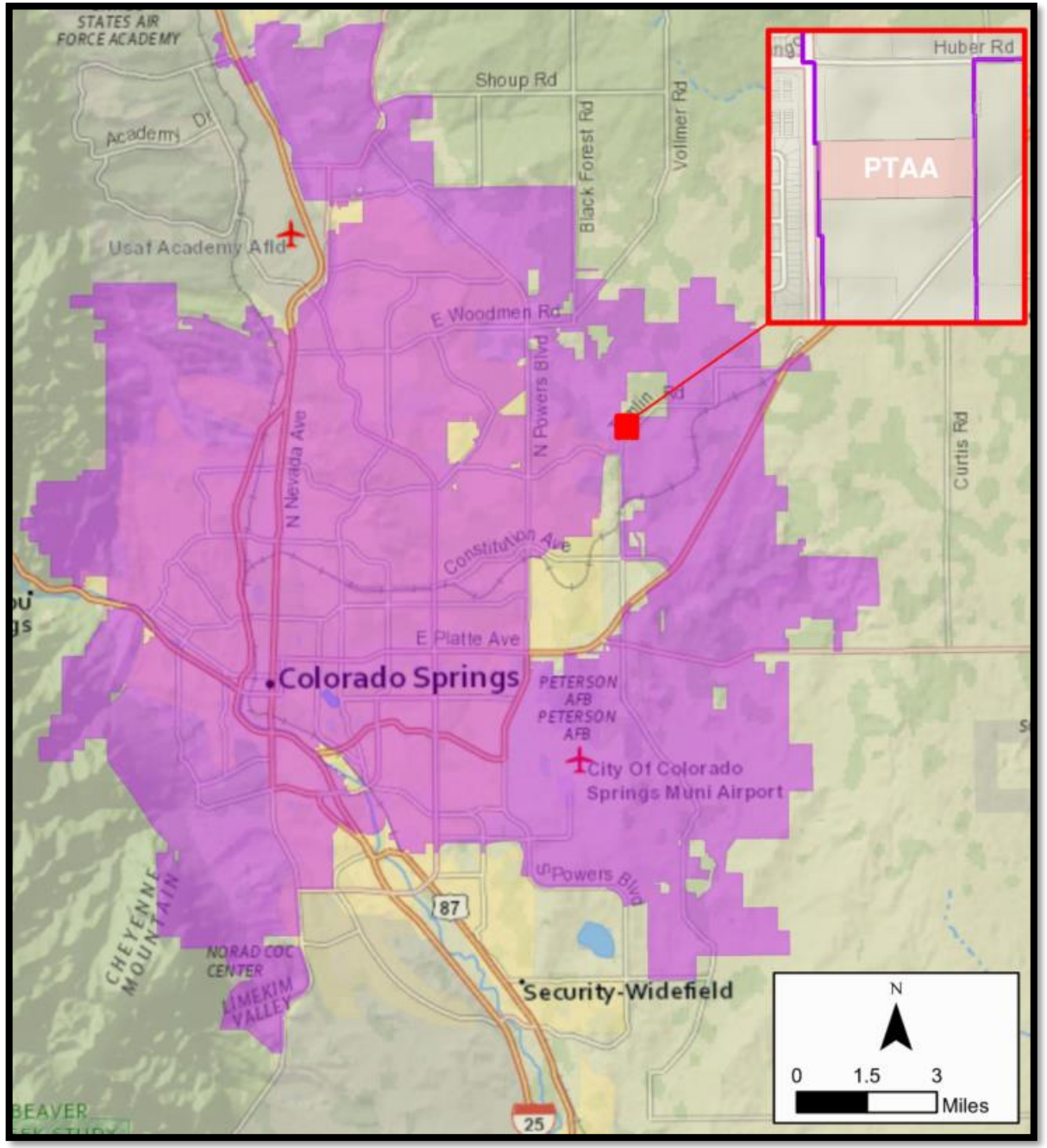
Customer Utilities Connections

Vicinity Map



City Code 12.4.305.B

- Requires City Council approval to provide water service outside City limits
  - Approval must be based on substantiated and written record demonstrating one of the following:

1. City's available water supply is sufficient to meet at least 128% of existing water usage* plus projected demand for proposed water extension(s);

OR

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

OR

3. The area is an enclave, or

   The area is owned or leased by the City, or

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

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

Utilities Application of City Code 12.4.305

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

Current Reliably Met Demand (RMD) and Existing Usage		
Category	**Acre-feet/year (AFY)**	**When updated**
RMD	95,000	As needed per RMD Update Policy
Existing Usage*	70,325	Yearly as part of IWRP Update

*5-year rolling average of weather normalized unrestricted water usage (2019-2023)

Minimum Water Supply Requirement (MWSR)		
Existing Usage/year	**Percentage**	**MWSR**
70,325 AFY	x 128%	= 90,015 AFY

Available Water Surplus (AWS)		
RMD (AFY)	**MWSR (AFY)**	**AWS (AFY)**
95,000	- 90,015	= 4,985

AWS used for establishing de minimis amount.
De minimis = 1% of AWS or any projected water demand less than 50 AFY

Application of City Code 12.4.305

PTAA

Defined as an enclave per City Planning

Meets City Code 12.4.305.B.3.

Projected Water Demand: 10 AFY

Petitioned Annexations Total Projected Water Demand (includes PTAA, as of 07/1/2025)

Annexations Approved since City Code 12.4.305 adopted (February 14, 2023) as of 07/1/2025

# of Approved Annexations: 19 (to date)

Projected Water Demand: 1,626 AFY

Current Water Resources

Reliably Met Demand	95,000 AFY
Existing Use	- 70,325 AFY
Existing Buffer for Growth	**24,675 AFY**

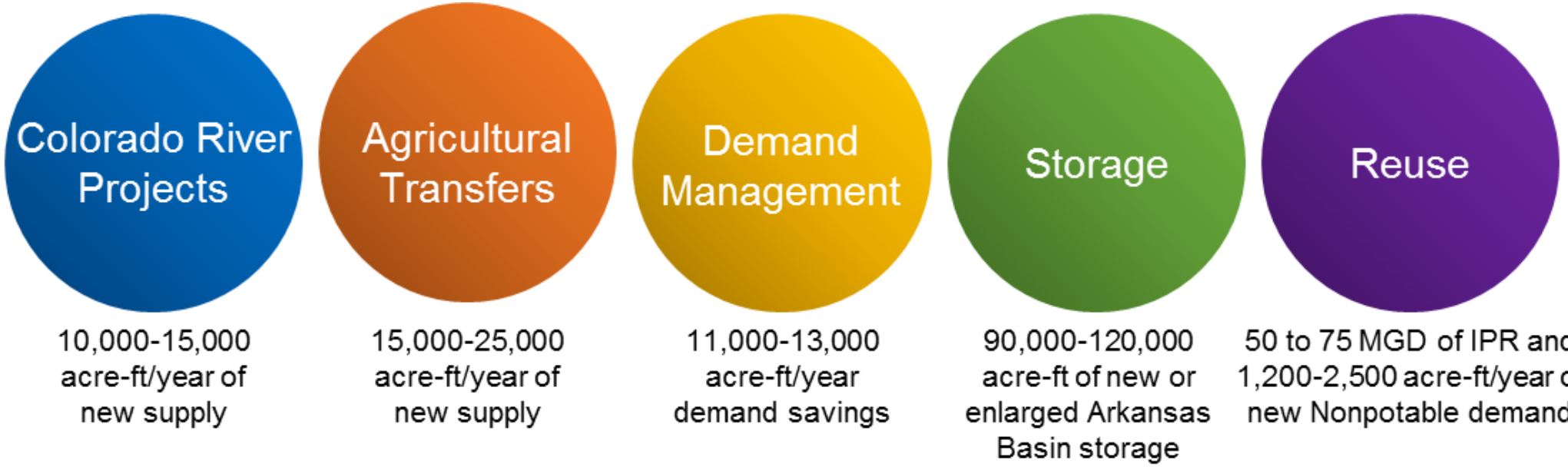
Full-Buildout Water Requirements[1]

Need for current in City	129,000 AFY
Reliably Met Demand	- 95,000 AFY
Gap (need to develop)	**34,000 AFY**
Any Annexation	**+ Additional AFY**

[1]Will be adjusted in IWRP based on City boundary

AFY = Acre-feet/year | 1 acre-foot = 325,851 gallons

Balanced Portfolio – Planned Water Supplies[(1)]



- Additional supplies are needed to meet future growth and manage risks
- All components of the Balanced Portfolio are necessary, difficult, and expensive
- Completing fewer projects in one category means doing more projects in another

(1) Based on 2017 Water Integrated Resource Plan- validated annually

City Code 7.5.701.A.4.

Requirements of Annexation

a. Groundwater Rights

Owner shall transfer title to all groundwater underlying the land to the City

b. Water Rights

Owner shall transfer any additional water rights historically used on or for the benefit of the area to be served

Current Conditions

Awaiting submittal of water rights and well inventory from Owner/applicant

c. Rights of Way and Easements

Owner shall obtain and/or dedicate all property and easements required for utility-system facilities to serve the property and ensure integrated utility systems

d. Service Area Overlap

Electric

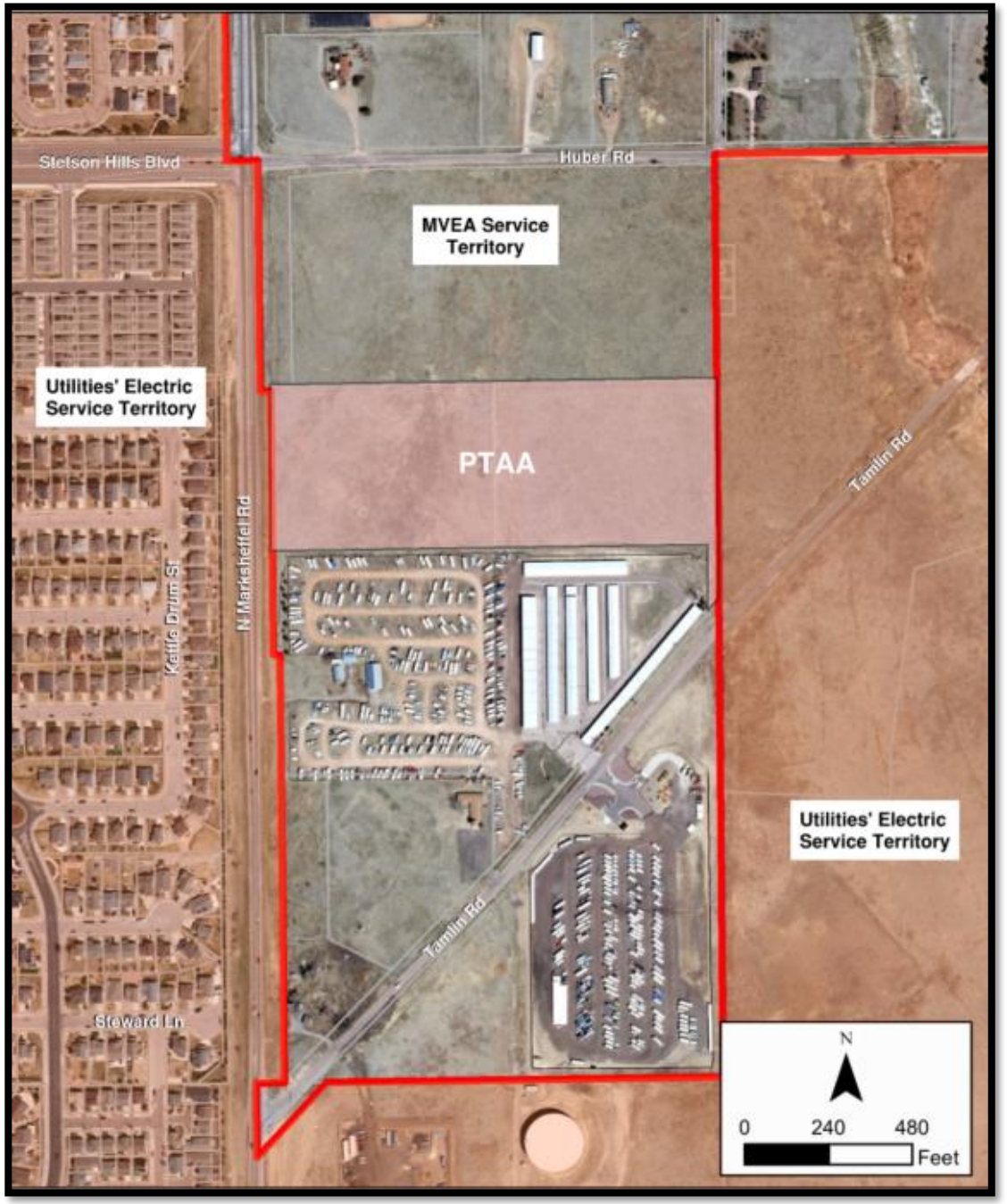
PTAA is located entirely within Mountain View Electric Association (MVEA) service territory

MVEA entitled to just compensation per Colorado Revised Statutes if property annexed and incorporated into Springs Utilities' service territory

Natural Gas

PTAA is located entirely within Springs Utilities' service territory

Electric Service Area Overlap



City Code 7.5.701.A.3.b

Conditions for Annexation

(3) Service Capacity

Unless an exception granted under section 12.1.111 of this Code will be in effect at the time of annexation, whether at the time of request there is projected available surplus capacity and resources across all Utilities' service lines for the foreseeable future to serve all present users and the projected new users from the area proposed to be annexed, taking into account section 12.4.305 of this Code, and that performance criteria, as defined for each service line in standards adopted by Utilities, will not be impaired.

(4) Utility Facilities

Whether the existing and projected utility facilities of the City are expected to be sufficient for the present and projected needs for the foreseeable future to serve all present and projected users whether within or outside the corporate limits of the City.

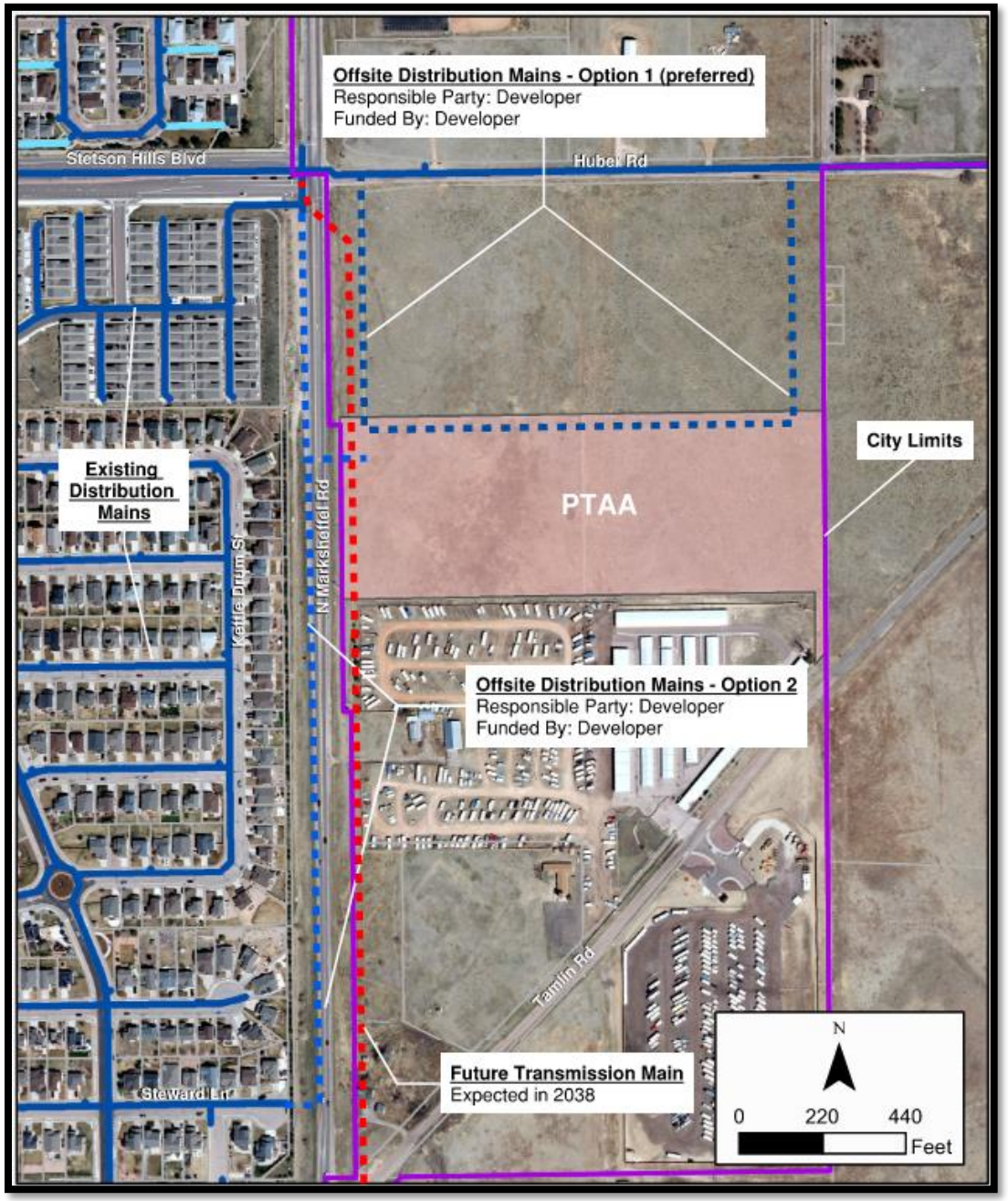
(5) Utility Extensions

Whether utility services and facilities can be extended to serve the property proposed to be annexed at the time of annexation or sometime in the future.

(8) Utilities' Revenues

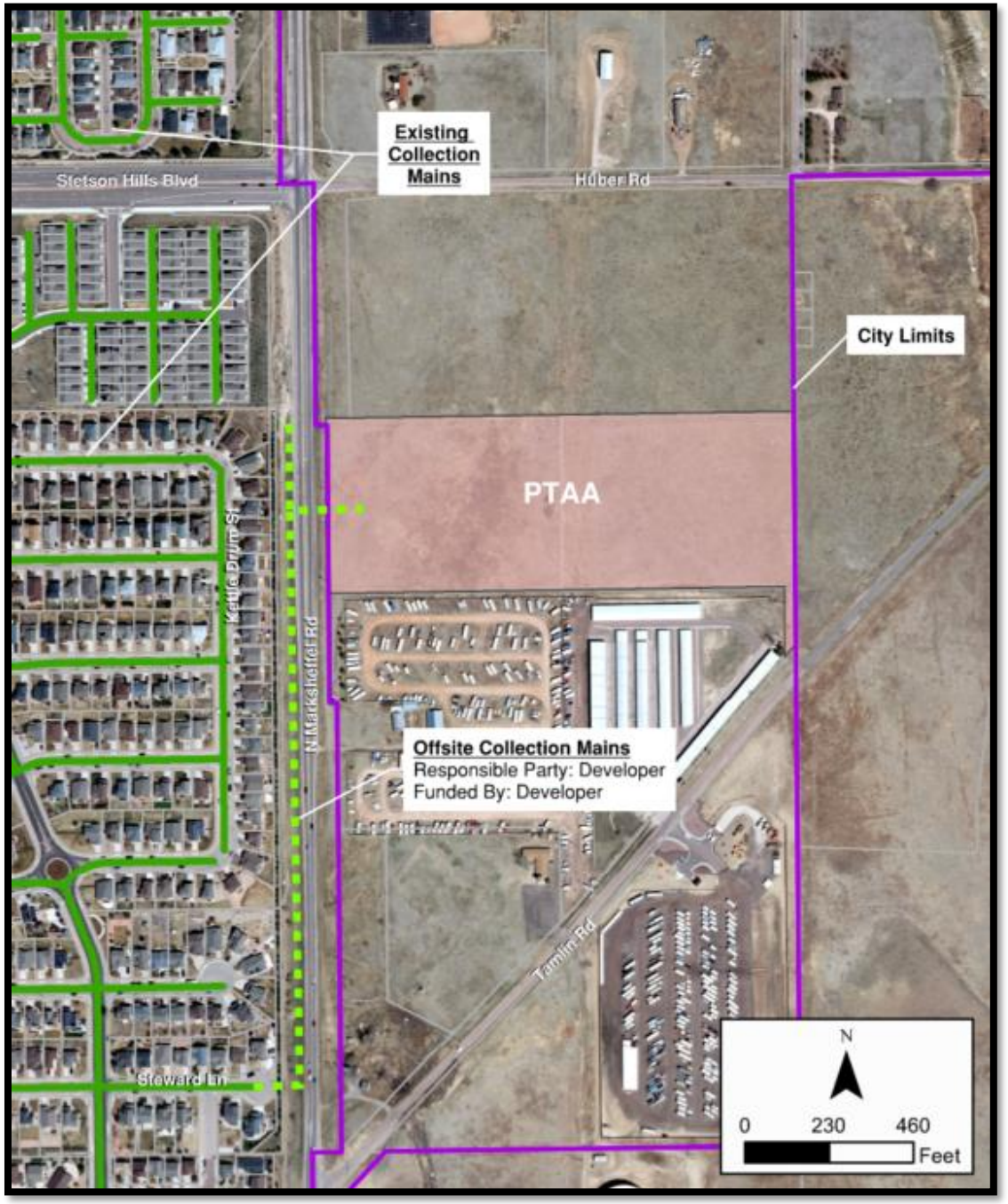
Whether the Utilities' revenues expected to be generated by the development of the proposed annexation will offset the estimated immediate and long-range costs to Utilities for the acquisition of utility resources, extension of utilities services, development of utilities infrastructure, and operations and maintenance as required by Utilities Rules and Regulations.

Water Infrastructure

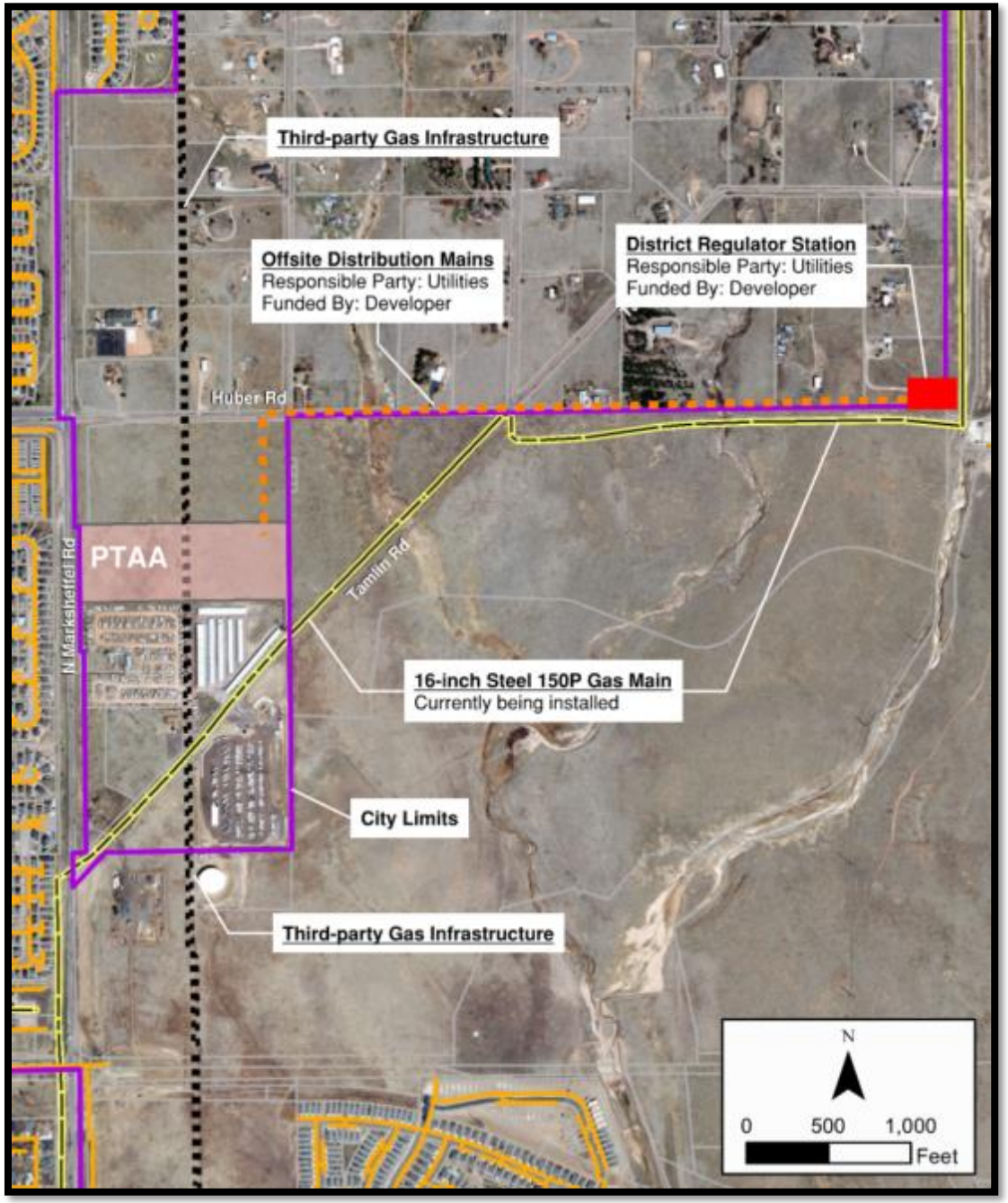


Wastewater Infrastructure

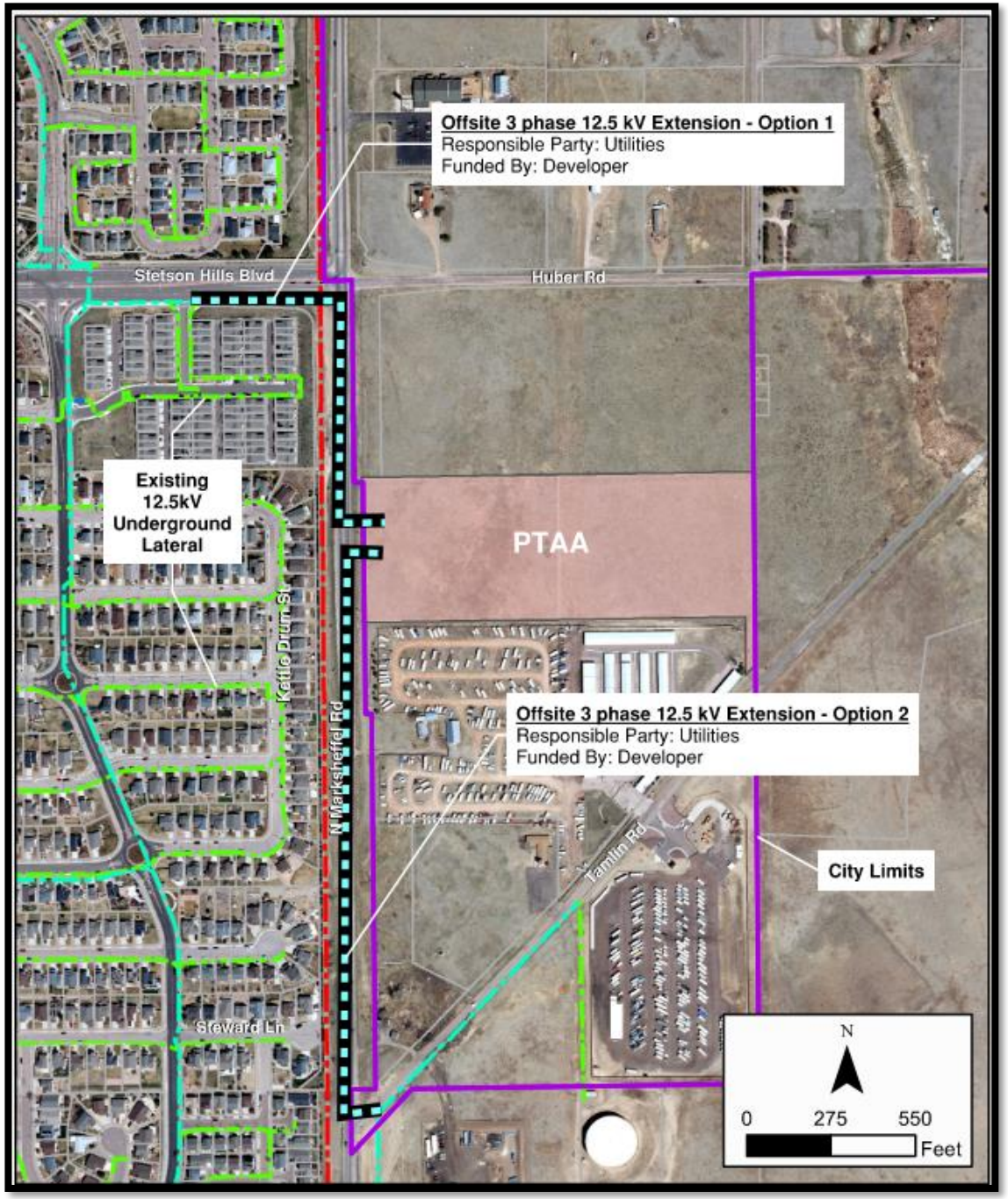
Wastewater to be treated by Cherokee Metropolitan District subject to revisions to existing agreement between Colorado Springs Utilities and Cherokee Metropolitan District



Natural Gas Infrastructure



Electric and Fiber Infrastructure



Springs Utilities Capital Cost Estimate

	Springs Utilities' Estimated Cost (thousands)[1,2,3]		
Electric	**Low**	**Mid**	**High**
Infrastructure (Meters)	$1.9	$2.4	$2.8
Resource (Generation)	$481.8	$602.3	$722.7
Natural Gas			
Infrastructure (Meters)	$3.7	$4.7	$5.6
Water			
Facilities (Treatment Plant)	$65.0	$81.3	$97.5
Infrastructure (Meters)	$2.4	$2.9	$3.5
Fiber			
Infrastructure (Conduit)	$50.0	$62.5	$75.0
Total Springs Utilities' Capital Cost	**$606.3**	**$757.8**	**$909.4**

[1] *Utilities Financial Risk: Approved annexation costs that occur prior to 2029 have not been included in our financial planning.*

[2] *Estimated 2025 costs are rough order of magnitude and may vary based on external factors, including but not limited to market conditions, material costs and phasing.*

[3] *There will be an annual cost of approximately $3,000 as payment to Cherokee Metropolitan District for wastewater treatment.*

Developer Capital Cost Estimate

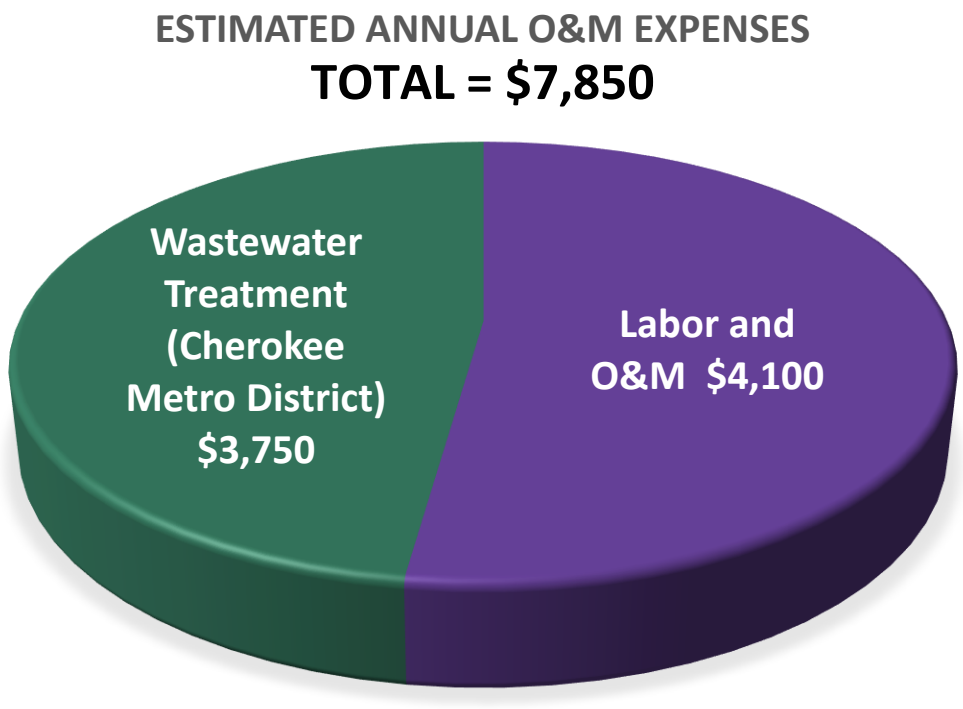
	Developer's Estimated Cost (thousands)[1,2]		
Electric	**Low**	**Mid**	**High**
Infrastructure (Onsite and Offsite Extensions)	$122.8	$153.5	$184.2
Natural Gas			
Infrastructure (Onsite and Offsite Extensions)	$178.0	$222.5	$267.0
Wastewater			
Development Charges[3]	$13.9	$13.9	$13.9
Water			
Development Charges[3]	$42.2	$42.2	$42.2
Water Resources Fees[3]	$30.6	$30.6	$30.6
Total	**$387.5**	**$462.7**	**$537.9**

[1] *Estimated 2025 costs are rough order of magnitude and may vary based on external factors, including but not limited to market conditions, material costs and phasing.*

[2] *Electric and Gas costs provided as Electric and Gas extensions are designed and constructed in-house by Colorado Springs Utilities. The Developer is to pay unit costs per 2025 Utilities Rules and Regulations (URRs). Water and Wastewater extensions are designed and constructed by Developer or Developer's contractor and, as such, are subject to factors and market conditions out of Utilities' control. Therefore, Developer cost estimates for Water and Wastewater are not provided.*

[3] *Per 2025 URRs, a 2" water meter was assumed for charges and fees calculation.*

Springs Utilities O&M Costs (at Full Buildout)



$8K O&M phased in as capital assets put in service

Total O&M Costs (in millions)			
Scenario	SFE's/year	25 Years	50 Years
High CapEx	7	$0.2	$0.4
Mid CapEx	7	$0.2	$0.4
Low CapEx	7	$0.2	$0.4

PTAA Annexation Cost Summary

- Utilities Capital Cost Estimate: ~$600-900K
  - $800K mid-scenario capital cost
  - $700K 5-year capital cost
  - $300K first-year capital cost
- Utilities Annual O&M Cost Estimate: ~$8K
- Cost Payback Timeframe: ~ 16 to 35 years
  - School Completed in 2027
  - Approx. 26-year payback
- Utilities Financial Risk: Approved annexation costs that occur prior to 2029 have not been included in our financial planning

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