

RESOLUTION NO. 189 - 22

A RESOLUTION REGARDING CERTAIN CHANGES TO  
UTILITIES RULES AND REGULATIONS OF COLORADO  
SPRINGS UTILITIES

**WHEREAS**, Colorado Springs Utilities (Utilities) proposed modifications to the Utilities Rules and Regulations; and

**WHEREAS**, Utilities proposed a change to the general provisions to allow Utilities to accept a customer executed release in a form provided by a state or federal assistance entity; and

**WHEREAS**, Utilities proposed changes to water and wastewater extension policies to modify the capacity determinations for oversizing requirements, and to incorporate other administrative changes; and

**WHEREAS**, Utilities proposed changes to large main extension fund to remove the property owner or developer twenty-five percent upfront requirement, eliminate progress payments, and incorporate other administrative changes; and

**WHEREAS**, Utilities proposed to add a Standby Service Option Water Regional System Availability Fee for regional customers contracting for standby service to help meet their water needs, on a temporary basis when their normal operations are disrupted; and

**WHEREAS**, City Council finds Utilities' proposed modifications prudent; and

**WHEREAS**, the details of the changes, including the pricing changes noted above, and all changes noted in the following clauses, are reflected in the tariff sheets attached to this resolution, are provided in redline format within Utilities' 2023 Rate Case and are discussed further in the City Council Decision and Order for this case; and

**WHEREAS**, Utilities provided public notice of the proposed changes and complied with the requirements of the City Code for changing its utilities rules and regulations; and

**WHEREAS**, Utilities proposed to make the tariff changes effective January 1, 2023, as noted in the table below; and

**WHEREAS**, specific policy changes, and changes to any terms and conditions of service are set out in the attached tariffs for adoption with the final City Council Decision and Order in this case.

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

Section 1: That Colorado Springs Utilities Tariff, City Council Volume No. 6, Utilities Rules and Regulations shall be revised as follows:

Effective January 1, 2023

<b>City Council Vol. No. 6</b>		
<b>Sheet No.</b>	<b>Title</b>	<b> Cancels Sheet No.</b>
First Revised Sheet No. 49	GENERAL	Original Sheet No. 49
Third Revised Sheet No. 91	WATER	Second Revised Sheet No. 91
Second Revised Sheet No. 91.1	WATER	First Revised Sheet No. 91.1
First Revised Sheet No. 91.2	WATER	Original Sheet No. 91.2
First Revised Sheet No. 91.3	WATER	Original Sheet No. 91.3
First Revised Sheet No. 91.4	WATER	Original Sheet No. 91.4
First Revised Sheet No. 102.2	WATER	Original Sheet No. 102.2
Fourth Revised Sheet No. 112	WASTEWATER	Third Revised Sheet No. 112
Second Revised Sheet No. 112.1	WASTEWATER	First Revised Sheet No. 112.1
First Revised Sheet No. 113	WASTEWATER	Original Sheet No. 113

Section 2: The attached Tariff Sheets, Council Decision and Order, and other related matters are hereby approved and adopted.

Dated at Colorado Springs, Colorado, this 8<sup>th</sup> day of November 2022.

  
 Council President

ATTEST:

  
 Sarah B. Johnson, City Clerk

**Utilities Rules and Regulations  
(URR)**

**Final Tariff Sheets**

## UTILITIES RULES AND REGULATIONS

### GENERAL

#### Other Rights, Limitations, and Obligations – cont'd

- b. The Release must contain the following information:
  - i. the Customer's name, address and telephone number;
  - ii. the Customer's account number;
  - iii. the name of the Person to whom the information may be released;
  - iv. the time frame covered by the Release;
  - v. the specific information to be released;
  - vi. the Customer's signature; and
  - vii. the signature and seal of a notary public.
- c. The burden is on the party requesting the information to obtain the Release from the Customer and to provide it to Utilities. The requirement of the signature and seal of a notary public may be waived by Utilities if authorization from the Customer is provided in person or telephonically to Utilities following appropriate Customer verification. Any such Release under this provision releases Utilities from any claim resulting from any use or misuse of the information provided.
- d. Notwithstanding above stated in part b, Utilities may accept at its discretion a customer executed release in a form provided by a state or federal assistance entity.

#### I. Dispute Resolution Procedure

##### 1. General

Any Customer's or user's dispute with Utilities concerning the Customer's or user's utility service or proposed utility service, except as otherwise provided herein, including, without limitation, billing errors and omissions, termination of service, line extensions or alleged violations of regulations or ordinances, shall be reviewed and determined by the following procedure, unless otherwise provided for in ordinances or resolutions. The process consists of a mandatory first step of an Informal Review and, if the Customer or user is dissatisfied with the Informal Review, a Formal Review. A Customer or user is required to complete the dispute resolution procedure, which results in a final decision, before seeking any judicial action.

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**UTILITIES RULES AND REGULATIONS**

**WATER**

**Water – cont’d**

**B. Water Extension Policy**

A property Owner or developer is responsible for the cost of engineering, construction, and materials for all water system infrastructure and related appurtenances necessary to serve the Premises or development. Utilities will approve the plans and specifications of such facilities and appurtenances and inspect and approve the actual construction prior to connection of such facilities. The property Owner or developer is also responsible for any required pumping facilities (including pressure relief valves, pressure-reducing valves and flow-control valves) and vaults, and all fire hydrants that are necessary to serve the Premises or development.

**1. Pipelines**

Utilities may require that a property Owner or developer construct water distribution facilities through or adjacent to unserved or undeveloped lands. In such circumstance, the property Owner or developer may be required to pay the entire cost of such facilities. However, Utilities may agree in a Recovery Agreement with such property Owner or developer to collect a pro rata share of the eligible cost of such facilities and interest as provided within Section VIII.C., Water Recovery Agreement Charge, of these Rules and Regulations from the property Owner or developer of such unserved or undeveloped lands at the time of connection to the facilities and refund such cost as provided in the Recovery Agreement.

Utilities may require that a property Owner or developer construct a Water Distribution Main of a larger diameter than that required for the property Owner’s or developer’s needs to provide for the service of lands beyond the Premises or development. In the event Utilities determines that construction of such an oversized Water Distribution Main is necessary for the efficient expansion of the system, the property Owner or developer served may be responsible for the costs of engineering, materials and installation of such main. In that circumstance, the property Owner or developer may recover the cost of capacity associated with the oversizing requirement.

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<b>UTILITIES RULES AND REGULATIONS</b>
<b>WATER</b>

**Water – cont’d**

Utilities may agree in a Recovery Agreement with such property Owner or developer to collect the oversize capacity cost allocation from benefiting future developments. Escalation of Oversize Recovery Charges follow the process as provided within Section VIII.C., Water Recovery Agreement Charge, of these Rules and Regulations.

a. Large Main Extension Fund

Subject to funding availability and program rules as developed by Utilities, Utilities’ Large Main Extension Fund is available to assist in the financing of qualifying offsite water and wastewater facilities. See also Section IX. C.1.a. The initial fund balance is limited to \$10,000,000 for water and wastewater facilities combined. At its sole discretion, Utilities may increase the fund balance to \$15,000,000 for water and wastewater facilities combined.

i. Qualifications

Utilities will review applications and award funds to the highest-ranking qualified projects. Utilities may award partial funding based on funding availability and/or project ranking. Facilities eligible for consideration must meet the following qualifications, as well as those qualifications established by Utilities in the program rules.

- a. Premises or developments served by the facilities must be located inside the City limits; and
- b. Pipelines must have a 24-inch minimum diameter; and
- c. The estimated facility cost must exceed \$1,500,000; and
- d. Property Owner or developer must apply within Utilities’ application period and the facility must be selected under Utilities’ program rules. Separate applications are required for water and wastewater facilities. Fund qualifications and limitations apply separately to each water or wastewater facility; and
- e. At the time of application, the property Owner or developer must provide cost estimates and other documentation as required under Utilities’ program rules.

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**UTILITIES RULES AND REGULATIONS**

**WATER**

**Water – cont'd**

ii. Administration

- a. The property Owner or developer served by the qualifying facility is responsible for engineering, construction, materials, and installation of large mains. All applicable rules and regulations and Water Line Extension and Service Standards apply.
- b. As established by program rules, Utilities will review cost documentation. Failure to efficiently manage project cost or meet program rules may result in denial of fund payments. Fund payments to the property Owner or developer will be paid after construction of the qualifying facility and upon determination of the costs of such construction or as otherwise determined by Utilities. Payments from the fund reduce the fund balance.
- c. The property Owner or developer served by the qualifying facility is responsible for the cost of capacity required to serve the property Owner's or developer's proposed development (the Property Owner's or Developer's Share). The property Owner or developer will repay the outstanding balance of the Property Owner or Developer's Share in three annual payments. Interest will be charged on the outstanding balance during such repayment period based on the Interest Rate, compounded annually. Utilities will calculate the outstanding balance of the Property Owner's or Developer's Share at the time of completion of construction of the facility such that the three annual payments are equal.
- d. A qualifying facility is limited to \$4,000,000 of funding. In the event the estimated construction costs exceed the funding limit, the property Owner or developer will be required to fund the balance of cost.

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**UTILITIES RULES AND REGULATIONS**

**WATER**

**Water – cont'd**

- e. All costs advanced by Utilities for construction of the oversize capacity allocation benefiting future developments will be collected with interest through Recovery Agreement Charges. Future developments are not eligible to apply for Fund financing.
  
- f. Costs collected by Utilities, whether through annual payments from property Owners or developers of served facilities or Recovery Agreement Charges, will be credited to the Fund.

If Utilities determines that extension of a water distribution system is in the best interest of Utilities to protect water service to existing Customers, to allow for the continued development within the service area, and/or to provide benefit to the entire service area, Utilities may, at its sole discretion, design and construct the water distribution system located outside the boundaries of the unserved or undeveloped land. Utilities will recover the cost to design and construct such facilities, with interest, through a Recovery Agreement Charge from the property Owner or developer of unserved or undeveloped lands prior to connection to such facilities. Utilities may implement an Advance Recovery Agreement Charge to collect the cost of the facilities in advance of its construction. Advance Recovery Agreements are limited to Utilities' designated projects to the extent Utilities determines, at its sole discretion.

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<b>UTILITIES RULES AND REGULATIONS</b>

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<b>UTILITIES RULES AND REGULATIONS</b>
<b>WATER</b>

**Water – cont’d**

3. Standby Service Option WRSAF

Regional Customers contracting for the Standby Service Option to help meet their water needs, on a temporary basis, when their normal operations are disrupted will pay the Standby Service Option WRSAF per contracted:

	<u>Total</u>	<u>Annual</u>
Acre Foot .....	\$2,263.00.....	\$128.00
MGD .....	\$2,799,374.00.....	\$158,309.00

4. Additional WRSAF Due

An additional WRSAF charge is applicable to:

- a. any increase in size of an existing meter, or
- b. any increased consumption that results in damage to Utilities’ facilities or exceeds the capacity of the meter.

The Customer shall pay the cost to upgrade the service and replace the meter and applicable WRSAF. The additional WRSAF will be assessed for any such increase in meter size in an amount representing the difference between the charge which would be imposed for the existing meter size and the charge which would be imposed for the size of the new meter. Payment for the additional WRASF will be collected:

- c. at the time the meter size is increased in relation to Section VIII.K.3.a. and
- d. in accordance with Utilities’ billing requirements in relation to Section VIII.K.3.b.

Any request for a change in water service type shall be administered as a new application for service and is subject to all requirements of the City Code and tariffs. If the change in use does not result in an increase in meter size, no additional WRSAF is due.

5. Non-waiver of the WRSAF

The applicable WRSAF will not be waived for any entity requesting connection to Utilities’ water supply system.

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**UTILITIES RULES AND REGULATIONS**

**WASTEWATER**

**Wastewater – cont'd**

C. Wastewater Extension Policy

A property Owner or developer is responsible for the cost of engineering, construction and materials for all wastewater collection system infrastructure and related appurtenances necessary to serve the Premises or development. Utilities will approve the plans and specifications of such facilities and appurtenances and inspect and approve the actual construction prior to connection of such facilities.

1. Pipelines

Utilities may require that a property Owner or developer construct wastewater collection facilities through or adjacent to unserved or undeveloped lands. In such circumstance, the property Owner or developer may be required to pay the entire cost of such facilities. However, Utilities may agree in a Recovery Agreement with such property Owner or developer to collect a pro rata share of the eligible cost of such facilities and interest as provided within Section IX.D., Wastewater Recovery Agreement Charge, of these Rules and Regulations from the property Owner or developer of such unserved or undeveloped lands at the time of connection to the facilities and refund such cost as provided in the Recovery Agreement.

Utilities may require that a property Owner or developer construct a Wastewater Collection Main of a larger diameter than that required for the property Owner's or developer's needs to provide for the service of lands beyond the Premises or development. In the event Utilities determines that construction of such an oversized Wastewater Collection Main is necessary for the efficient expansion of the system, the property Owner or developer served may be responsible for the costs of engineering, materials, and installation of such main. In that circumstance, the property Owner or developer may recover the cost of capacity associated with the oversizing requirement

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**UTILITIES RULES AND REGULATIONS**

**WASTEWATER**

**Wastewater – cont'd**

Utilities may agree in a Recovery Agreement with such property Owner or developer to collect oversize capacity cost allocation from benefiting future Escalation of Oversize Recovery Charges follow the process as provided within Section IX.D., Wastewater Recovery Agreement Charge, of these Rules and Regulations.

a. Large Main Extension Fund

Subject to funding availability and program rules as developed by Utilities, Utilities' Large Main Extension Fund is available to assist in the financing of qualifying offsite water and wastewater facilities. See Section VII.B.1.a.

If Utilities determines that extension of a wastewater collection system is in the best interest of Utilities to protect wastewater service to existing Customers, to allow for the continued development within the service area, and/or to provide benefit to the entire service area, Utilities may, at its sole discretion, design and construct the wastewater collection system located outside the boundaries of the unserved or undeveloped land. Utilities will recover the cost to design and construct such facilities, with interest, through a Recovery Agreement Charge from the property Owner or developer of unserved or undeveloped lands prior to connection to such facilities. Utilities may implement an Advance Recovery Agreement Charge to collect the cost of the facilities in advance of its construction. Advance Recovery Agreements are limited to Utilities' designated projects to the extent Utilities determines, at its sole discretion.

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**UTILITIES RULES AND REGULATIONS**  
**WASTEWATER**

**Wastewater – cont’d**

All costs incidental to or resulting from the procurement by Utilities of any required easement or right-of-way, whether obtained by dedication, contract, condemnation or otherwise, is borne by the property Owner or developer and may be included in a Recovery Agreement.

When residents in designated enclave areas, which are platted and which contain occupied dwellings, request extension of the wastewater collection system, Utilities may participate in the cost of such extension to the extent Utilities determines, at its sole discretion, that installation of wastewater collection facilities will sufficiently reduce operational expenses to justify the extension and that the extension is required for efficient and safe operation of the system. At its sole discretion, Utilities may participate in the cost of extensions to serve designated enclave or unsewered areas. All costs advanced by Utilities for participation in such extensions will be recoverable as Recovery Agreement Charges for connection to the collection system extended by Utilities at the time such connections are made or as stipulated in the Recovery Agreement.

A property Owner or developer will be responsible for the cost of construction of relief systems and necessary appurtenances when proposed flow demand exceeds existing system capacity. These relief facilities may be constructed on the property of the property Owner or developer or off-site at other locations within the collection system. At the discretion of Utilities, Utilities may enter into a cost-sharing agreement with the property Owner or developer to pay a pro rata share of the construction cost of relief systems based on the determination of benefit to Utilities. Benefit to Utilities may be derived from, but not limited to, the following:

- a. relief of pipelines operating in excess of design capacity;
- b. replacement of structurally deficient pipelines;
- c. replacement of pipelines subject to flooding or other hazards;
- d. replacement of pipelines with inadequate operations and maintenance access;
- e. replacement of pipelines subject to excessive inflow/infiltration; and
- f. pipelines that provide for the elimination of pump stations and force mains.

The property Owner(s) or developers and Utilities will have the right to reimbursement under the provisions of the Recovery Agreement for construction of relief facilities, as determined by Utilities.

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BEFORE THE CITY COUNCIL OF  
THE CITY OF COLORADO SPRINGS

IN THE MATTER OF THE REVISION )  
OF THE UTILITIES RULES AND ) DECISION & ORDER 22-06 (URR)  
REGULATIONS OF COLORADO )  
SPRINGS UTILITIES )

1. Colorado Springs Utilities, an enterprise of the City of Colorado Springs (“City”), a Colorado home-rule city and municipal corporation (“Utilities”), conducted a review of its Utilities Rules and Regulations (“URR”). During that review, Utilities identified needed changes. Utilities’ rate case filing contains all of these revisions and changes.
2. Utilities’ 2023 Rate Case filing includes proposed Cost of Service (“COS”) driven rate changes for Water and Wastewater services and proposes changes to the Electric, Natural Gas, Water, and Wastewater Rate Schedules, URR and Utilities’ Open Access Transmission Tariff (“OATT”).
3. Utilities’ URR is a part of the collective Tariffs that govern Utilities in accordance with the Colorado Springs City Code. The URR establishes terms and conditions for all Utilities Customers across all utility services and also provides service specific terms and conditions. Utilities proposes the following URR changes in its filing:
  - a) **Account Access** (*URR Sheet No. 49*) – Modifications to General provisions to allow Utilities to provide specific information to agencies previously authorized by the customer to enable funding assistance without requiring additional release authorization.
  - b) **Water and Wastewater Extension Policy** (*URR Sheet Nos. 91, 91.1, 91.2, 91.3, 91.4, 112, 112.1, and 113*) – Modifications to Water and Wastewater capacity determinations to improve alignment of cost responsibility between owner or developers constructing facilities and future developments. Elimination of the property owner or developer 25% upfront requirement, and removal process payments provisions related to the Large Main Extension Fund.
  - c) **Water Regional System Availability Fee (WRSF) for Standby Service** (*URR Sheet Nos. 102.2*) – Addition of WRSF Standby Service Option assessed for each new connection to Utilities’ supply system. Customers contracting for Standby Service can elect to pay the WRSF fee in full at the time of inception or make an annual payment for a period 25 years or less, including interest. The Standby WRSF fees are based on the Acre Foot and Million Gallon per Day values from the 2022 WRSF Schedule 5.1 with a 20% regional service multiplier.

4. In addition to the proposed URR revisions, Utilities' 2023 Rate Case filing also proposes changes to the Electric, Natural Gas, Water, and Wastewater Rate Schedules and OATT.
5. The proposed effective date for Utilities' tariff changes is January 1, 2023, except where otherwise noted in Utilities' filing as June 1, 2023, and October 1, 2023.
6. Utilities filed its tariff changes with the City Auditor, Mrs. Jacqueline Rowland, and with the City Attorney, Ms. Wynetta Massey, on August 12, 2022. Utilities then filed the enterprise's formal proposals on September 13, 2022, with the City Clerk, Ms. Sarah Johnson, and a complete copy of the proposals was placed in the City Clerk's Office for public inspection. Notice of the filing was published on-line at [www.csu.org](http://www.csu.org) on September 13, 2022, and in *The Gazette* on September 14, 2022. These various notices and filings comply with the requirements of §12.1.108 of the City Code and the applicable provision of the Colorado Revised Statutes. Copies of the published and mailed notices are contained within the record. Additional public notice was provided through Utilities' website, [www.csu.org](http://www.csu.org), and a complete copy of the proposals was placed on that website for public inspection.
7. The information provided to City Council and held open for public inspection at the City Clerk's Office was supplemented by Utilities on October 18, 2022. The supplemental materials contained:
  - a) Updates to electric rate schedules based on the Electric Cost Adjustment ("ECA") rates effective October 1, 2022;
  - b) The Office of the City Auditor's audit report;
  - c) The legal notice affidavit of publication; and
  - d) Public outreach information.
8. The City Auditor issued her findings on the proposed tariff changes prior to the rate hearing, dated October 2022, which found no need for formal recommendations and that Utilities' filing was prepared accurately. A copy of that report is contained within the record.
9. On October 25, 2022, the City Council held a public hearing concerning the proposed changes to the Natural Gas, Electric, Water, and Wastewater Rate Schedules, URRs, and OATT. This hearing was conducted in accordance with §12.1.108 of the City Code, the procedural rules adopted by City Council, and the applicable provisions of state law.
10. City Council President Tom Strand commenced the rate hearing.
11. The presentations started with Mr. Christopher Bidlack, a Senior Attorney with the City Attorney's Office – Utilities Division. Mr. Bidlack first presented the rate hearing agenda.

12. Mr. Bidlack then briefed City Council on its power to establish rates, charges, and regulations for Utilities' services. In setting rates, charges, and regulations for Utilities' services, City Council is sitting as a legislative body because the setting of rates, charges, and regulations is necessary to carry out existing legislative policy of operating the various utility systems. However, unlike other legislative processes, the establishment of rates, charges, and regulations is analogous to a quasi-judicial proceeding and requires a decision based upon evidence in the record and the process is not subject to referendum or initiative. Mr. Bidlack provided information on the statutory and regulatory requirements on rate changes. Rates for Water and Wastewater service must be reasonable and appropriate in light of all circumstances, City Code §12.1.108(F). Rates for Natural Gas and Electric service must be just, reasonable, sufficient, and not unduly discriminatory, City Code §12.1.108(E).
13. At the conclusion of his presentation, Mr. Bidlack polled the City Council Members concerning any *ex parte* communication that they may have had during the pendency of this proceeding. City Council indicated that no *ex parte* communications were received
14. Mr. Tristan Gearhart, Utilities' Chief Planning and Finance Officer, provided the enterprise's proposals.
15. Mr. Gearhart started by providing a summary of Utilities' procedural compliance with rate case standards and then moved to the 2023 Rate Case Overview, noting proposed changes to the Electric, Natural Gas, Water, and Wastewater Rate Schedules, the URR, and the OATT.
16. Mr. Gearhart's first topic of presentation was Water Service. He explained Utilities' need for a water rate increase. The water rate drivers are (1) inflationary increases in labor, benefits, and system maintenance and (2) funding infrastructure investments, including the Advanced Metering Infrastructure ("AMI") and Airport Highline projects and water debt additions.
17. Councilmember Nancy Henjum asked for clarification about what constitutes the referenced water debt additions, specifically whether it is solely for continued water rights acquisitions. Mr. Gearhart explained that the water debt listed as a rate driver includes both prior acquired debt and new debt associated with additional acquisitions.
18. President Strand then asked for clarification about the time frame of the rate drivers. Mr. Gearhart noted that the rate drivers associated with Utilities' filling are based on the 2023 budget and the need to cover those associated costs.
19. Next, Mr. Gearhart noted that the total water proposed revenue from rates is \$219.8 million for 2023, which is \$10.4 million higher than revenue under current rates. These factors result in an overall water system rate increase of 5.0%. He also explained that the residential rates are designed in compliance with the Rate Design Guidelines in support of water conservation, affordability, and revenue stability; and explained the impact of the proposed rates on each residential rate block.



20. Following Mr. Gearhart's comments in relation to Utilities' residential water block structure, several councilmembers provided comments and questions.
21. Councilmember Mike O'Malley commented that he received comments from several rate payers expressing concern about tiered water pricing and the impact that it has on families. Mr. Gearhart responded that it is impossible to comment on the impact to a specific customer without knowing their specific utility usage, but that the block rate structure has reduced water use over many years, as it was designed to do. Councilmember O'Malley stated that the block water rate structure should be revisited.
22. Councilmember Randy Helms expressed concern about the current sizes of the tiered water rate blocks and the potential for a customer to move into Block Two too easily. He also asked for historical information on the block structure. Mr. Gearhart noted that Utilities' transition to AMI will provide additional data that may help guide future revisions.
23. Mr. Scott Shirola, Utilities' Manager of Pricing and Rates, provided additional background information on Utilities' water rate block structure. Prior to 2007, there was a brief period of interim block rate structure during summer months, with a flat water rate structure in the winter months. Prior to that period, all water usage was billed at a flat rate. Additionally, in 2017 a study determined that 92% of residential customers stay within Block One for their domestic use, with the average residential indoor use being around 500 cf per month.
24. Councilmember Henjum expressed her opinion that Utilities' block water rate structure should be celebrated as a success given the dramatic improvement in water conservation since its implementation, particularly when paired with the City's increased population.
25. Councilmember Dave Donelson noted his personal experience with the block water rate structure and how it has encouraged him to monitor his use and conservation methods.
26. President Strand then asked for clarification regarding the price differentials between the water rate blocks and why the rates for Blocks Two and Three are presented as in relation to Blocks One and Two, as opposed to the cost of providing water service. Mr. Shirola noted that each rate block is designed to drive conservation and ensure that the full revenue requirement of water service is recovered.
27. Councilmember Wayne Williams commented that there are multiple ways to look at the pricing allocations within the block water rate structure and that while it may be beneficial to reevaluate the size of the blocks, such a change would be appropriate following a full evaluation in a future rate case.
28. The proposed water rate changes for individual classes are: (1) Residential Service 5.1%, (2) Nonresidential Service 4.4%, (3) Large Nonseasonal Services 5.9%, and (4) Contract Service – Military 7.6%. Additionally, water rate changes include: (1) Contract Service – Regional – Full Service 9.5%, (2) Contract Service – Regional – Convey, Treat and Deliver

12.5%, (3) Nonpotable – Miscellaneous Service 7.5%, (4) Nonpotable – Contract Service 7.5%, (5) Augmentation 4.8%, and (6) Temporary Service – Hydrant Use 4.4%.

29. President Strand then asked for clarification on the definition of “nonresidential.” Mr. Gearhart noted that nonresidential water customers are those that do not have a residential purpose and include industrial and commercial customers.
30. Councilmember Henjum asked why the percentage increase to the Contract Service – Regional – Convey, Treat and Deliver rate is higher than the percentage increase to the Contract Service – Regional – Full Service, given the importance of water. Mr. Gearhart noted the differences between the two rates and that the proposed increases are the changes to the cost of the rates, not the rates overall. Mr. Shirola added that the cost of service looks at the different components of Utilities’ water system and that the base rates primarily deal with infrastructure. Because the different services have different cost components subject to different inflation impacts, the rates may not move in parallel.
31. President Strand then asked for additional information on the Temporary Service – Hydrant Use rate and the impact to fire suppression activities. Mr. Gearhart explained the use of the rate for temporary construction use, and Mr. Shirola added that the Colorado Springs Fire Department is not charged for water used in fire suppression.
32. Mr. Gearhart next presented the enterprise’s proposed changes to Wastewater Service. He explained the rate drivers for the proposed wastewater rate increase are (1) inflationary increases in labor, benefits, and system maintenance and (2) funding infrastructure investments, including the Clear Spring Ranch Biogas and the North Monument Creek Interceptor projects. Utilities’ proposed changes reflect a total wastewater proposed revenue from rates of \$73.6 million for 2023, which is \$2.8 million more than revenue under current rates. The overall proposed wastewater system rate increase is 4.0%.
33. The proposed wastewater rate changes for individual classes are: (1) Residential Service 2.3%, (2) Nonresidential Service 9.9%, (3) Contract Service – Military 10.2%, (4) Liquid Waste Hauler 0.0%, and (5) Contract Service – Regional 7.7%.
34. To close the portion of his presentation addressing base rate adjustments, Mr. Gearhart provided a sample, total service bill. The overall impact of the proposed water and wastewater rate changes to the sample bill are: (1) Residential 2.1%, (2) Commercial 0.9%, and (3) Industrial 0.5%. The presentation also noted that nationwide inflation has risen significantly more than the proposed changes over the period of time since the last changes to the water and wastewater rates that went into effect on January 1, 2020.
35. President Strand then confirmed that the proposed water and wastewater rate changes are effective January 1, 2023.
36. Councilmember Henjum commented that while Utilities’ budget is increasing significantly, much of that is for the cost of natural gas; and that customers’ utility bills are not increasing because of the budget change.

37. Councilmember Donelson commented to highlight that the proposed water and wastewater rate increases compare very favorably to price increases of many forms around the country.
38. Next, Mr. Gearhart provided a summary of the proposed, non-base rate changes to the Electric Service:
- a) Residential Service Time of Day (“TOD”) Option – Modification to on-peak and off-peak period definitions, with the On-Peak Period being 4:00pm – 8:00pm Monday through Friday; modification to seasonal definitions with the Summer Period being June through September; and adjustment to On-Peak and Off-Peak Access and Facilities Charges.
  - b) Commercial Service – General TOD Option – Adjustment to On-Peak and Off-Peak Access and Facilities Charges.
  - c) Green Power Service – Increase program availability from 7,000,000 kWh per month to 12,000,000 kWh per month and modify pricing to reflect firm nature of service and transfer of Renewable Energy Credit (“REC”).
  - d) Industrial Service – Interruptible – Addition of a new interruptible rate schedule, which is available to customers whose maximum demand exceeds 500 kW. These customers are subject to Utilities’ direct load control without notice and provided an interruptible credit based on Utilities’ avoided capacity cost.
  - e) Electric Vehicle Public Charging – TOD – Addition of a new electric vehicle public charging rate schedule providing On-Peak and Off-Peak TOD pricing for two levels of service: Level II and Direct Current Fast Charging. The rate includes time of use elements and idle fees starting 15 minutes after charge is complete.
39. During Mr. Gearhart’s presentation, President Strand asked how many electric vehicle chargers Utilities operates and Mr. Gearhart answered six chargers across four charging stations.
40. Mr. Gearhart concluded the portion of his presentation on tariff changes by noting the remaining non-rate based changes proposed in Utilities’ filing, including changes to the Electric, Natural Gas, and Water Rate Schedules, as well as, the URR and the OATT:
- a) Administrative Changes in Electric, Natural Gas, Water, and Wastewater Rate Schedules – Modifications to standardize contract expiration and renewal dates as well as other administrative corrections.
  - b) Electric Rate Schedules – Additional changes include removal of the reference to the ELG supply credit in the Industrial Service – Large Power and Light (“ELG”), and broadening the availability of the Community Solar Garden Bill Credit Pilot Program (currently limited to residential customers and educational institutions) to include non-profit organizations.
  - c) Natural Gas Rate Schedules – Changes to the Natural Gas Rate Schedule are (1) modifications to the Industrial Service – Interruptible rate with the addition of provisions allowing waiver of overrun charges; removal of exemption from backup fuel supply for warm weather process loads; and lengthening customer termination

notice from 30 to 60 days; and (2) the addition of provisions allowing waiver of overrun charges to the Contract Service – Military Interruptible rate.

- d) Water Rate Schedules – A change to the Contract Service – Regional with the addition of Standby Service for customers requiring temporary service.
- e) Utilities Rules and Regulations – The changes to the URR are (1) the addition of account access provisions allowing Utilities to accept information release authorizations from customers provided in forms used by authorized assistance agencies; (2) the modification within the Water and Wastewater Oversize Recovery provisions of capacity determinations and elimination of the Large Main Extension Fund 25% upfront requirement; and (3) addition of a Standby Service Water Regional System Availability Fee.
- f) Open Access Transmission Tariff – Changes eliminate certain terms and conditions associated with the crediting-related provisions related to network upgrades within the Standard Large Generator Interconnection Procedures Standard Large Generator Interconnection Agreement.

- 41. Next, Mr. Gearhart addressed the customer outreach Utilities performed in relation to the 2023 Rate Case filing. The customer outreach included electronic communications, social media channel communications, newsletter information about the proposal and hearing dates, required public notice, and meetings with commercial and industrial customers. He then noted Utilities’ programs that are in place to assist customers: (1) bill assistance through Project COPE and the Low Income Energy Assistance Program, (2) high bill counseling through conservation education and the Home Energy Assistance Program, (3) payment plans through Utilities’ Budget Billing program, and (4) efficiency rebates.
- 42. Mrs. Rowland noted that the Office of the City Auditor reviewed Utilities’ filing and found no issues with it. City Council did not have any questions for Mrs. Rowland.
- 43. After Utilities’ presentation, President Strand opened the floor for public comment. One member of the public spoke. Mr. Jaymen Johnson complemented Utilities’ filing and expressed his support for the proposals. He also asked for the location of Utilities’ electric vehicle charging stations and the proposed rates associated with them. Mr. Gearhart summarized the electric vehicle charging station rates included in Utilities’ filing and noted that the stations are located at Utilities’ Mesa Conservation Center, Utilities’ Leon Young Service Center, and the City Administration Building Parking Garage.
- 44. Following the opportunity for public comment, President Strand opened the floor to questions or comments from City Council; however, there were no additional comments or questions.
- 45. Based on the lack of questions or comments, President Strand determined that neither a break nor executive session were necessary.
- 46. Mr. Bidlack provided clarity on the procedural process for the hearing and explained that no motion was needed at the hearing as formal action on the resolutions related to Utilities’

proposed changes will be taken by City Council at the November 8, 2022, City Council meeting.

47. Mr. Bidlack then polled City Council regarding the issues central to the Natural Gas, Electric, Water, and Wastewater Rate Schedules, the URR and the OATT. Per City Council's request, Mr. Bidlack did not present every Issue for Decision, but instead asked that City Council indicate approval of Utilities' proposals as a whole, while noting any exceptions. City Council indicated approval and did not note any exceptions.

48. Mr. Bidlack then restated the future schedule for Utilities' rate filing, with the draft Decisions and Orders being presented to City Council for review on November 7, 2022, and for final approval on November 8, 2022.-

49. The following are the proposed changes and the votes by City Council addressing the Utilities Rules and Regulations:

- a) Should Utilities modify the general provisions to allow acceptance of a customer executed information release form in a form provided by a state or federal assistance entity?

The City Council held that Utilities shall modify the general provisions to allow acceptance of a customer executed information release form in a form provided by a state or federal assistance entity.

- b) Should Utilities change the water and wastewater extension policies as proposed?

The City Council held that Utilities shall change the water and wastewater extension policies as proposed.

- c) Should Utilities add a Standby Service Option Water Regional System Availability fee as proposed?

The City Council held that Utilities shall add a Standby Service Option Water Regional System Availability fee as proposed.

50. President Strand then concluded the 2023 Rate Case Hearing.

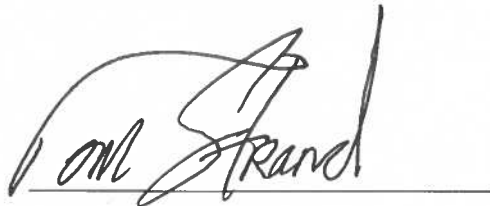
**ORDER**

THEREFORE, IT IS HEREBY ORDERED that:

The Utilities Rules and Regulations sheets as attached to the Resolution are adopted and will be effective on and after January 1, 2023. Such tariff sheets shall be published and held open for public review and shall remain effective until changed by subsequent Resolution duly adopted by City Council.

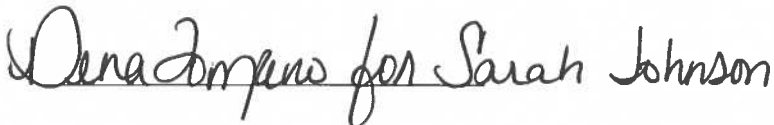
Dated this 8<sup>th</sup> day of November, 2022.

CITY OF COLORADO SPRINGS

A handwritten signature in black ink, appearing to read "Paul Strand", written over a horizontal line.

Council President

ATTEST:

A handwritten signature in black ink, appearing to read "Dana Zamparo for Sarah Johnson", written over a horizontal line.

City Clerk