



Colorado Springs Utilities
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Southern Colorado Rail Park Annexation

Four-Service Perspective

City Council, March 11, 2025

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Customer Utilities Connections

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:

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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 (2020-2024)

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

Southern Colorado Rail Park (SCRCP)

Petitioned Annexations
Total Projected Water Demand
(includes SCRCP)

Annexations Approved since
City Code 12.4.305 adopted
(February 14, 2023)

Projected Water Demand: 1,281 AFY
 $90,015 \text{ AFY} + 1,281 \text{ AFY} = 91,296 \text{ AFY}$
 $91,296 \text{ AFY} < 95,000 \text{ AFY}$
Meets City Code 12.4.305.B.1.

Active Projected Water Demand Compared to AWS (AFY)



of Approved Annexations: 17 to date
Projected Water Demand: 1,956 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

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

*Will be evaluated in next IWRP

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

- No decreed water rights and applicant pursuing abandonment of unused wells.
- Applicant requesting ongoing use of Utilities' owned wells for aggregate mining operations.
- Utilities supports ongoing interim use through new Water Service Agreement tied to Annexation Agreement.

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

Natural Gas

- SCRP located entirely within uncertificated service territory.

Electric

- SCRP located entirely within City of Fountain (CoF) electric service territory.
- CoF currently provides electric service to property for aggregate mining operations.
- Applicant requesting continued provision of CoF service.
- Utilities proposes negotiating interim wholesale service agreement with CoF.
- City of Fountain entitled to just compensation per Colorado Revised Statutes if property annexed and incorporated into Springs Utilities' service territory.

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.

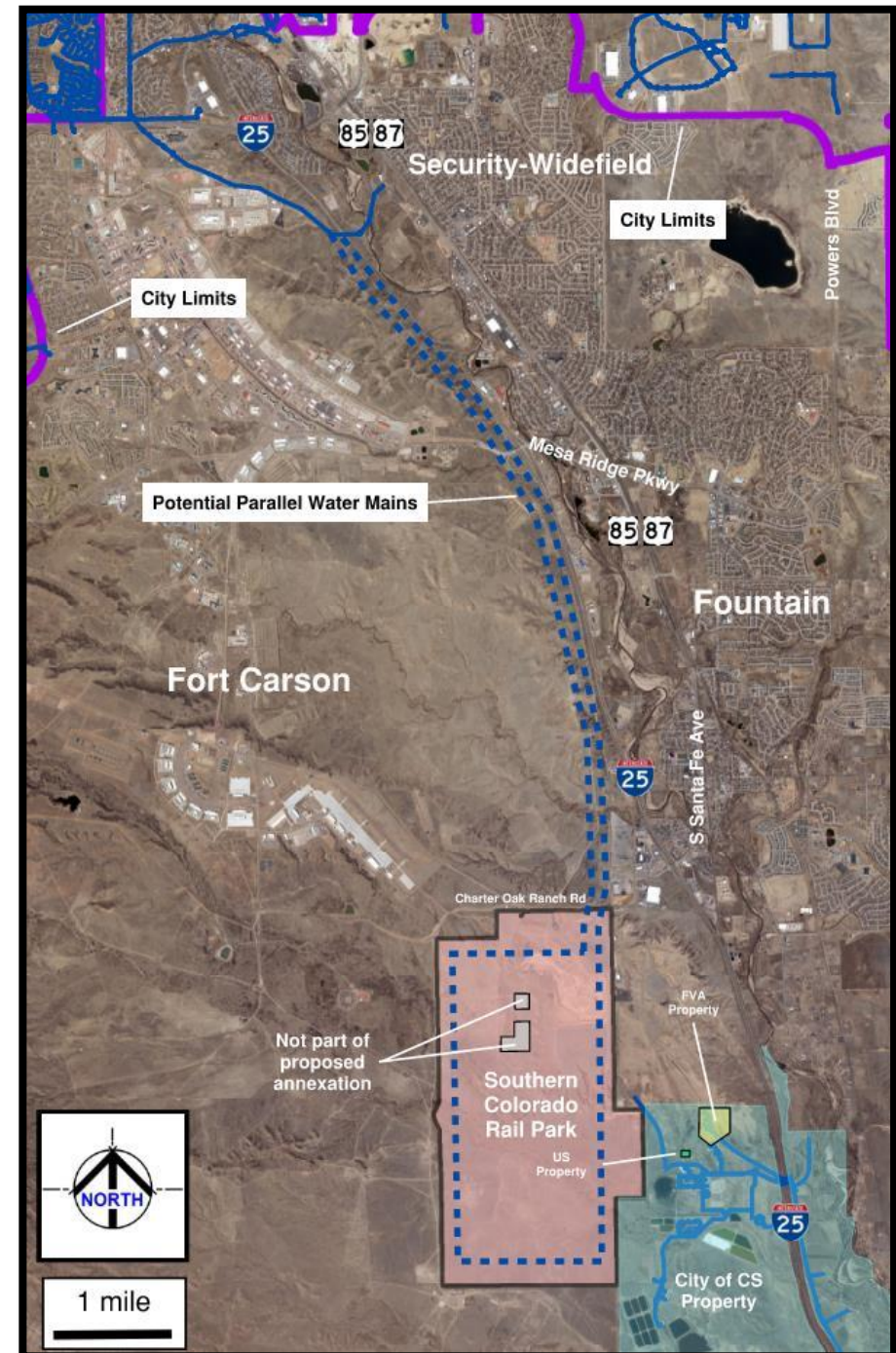
(8) Utilities' Revenues

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 Service

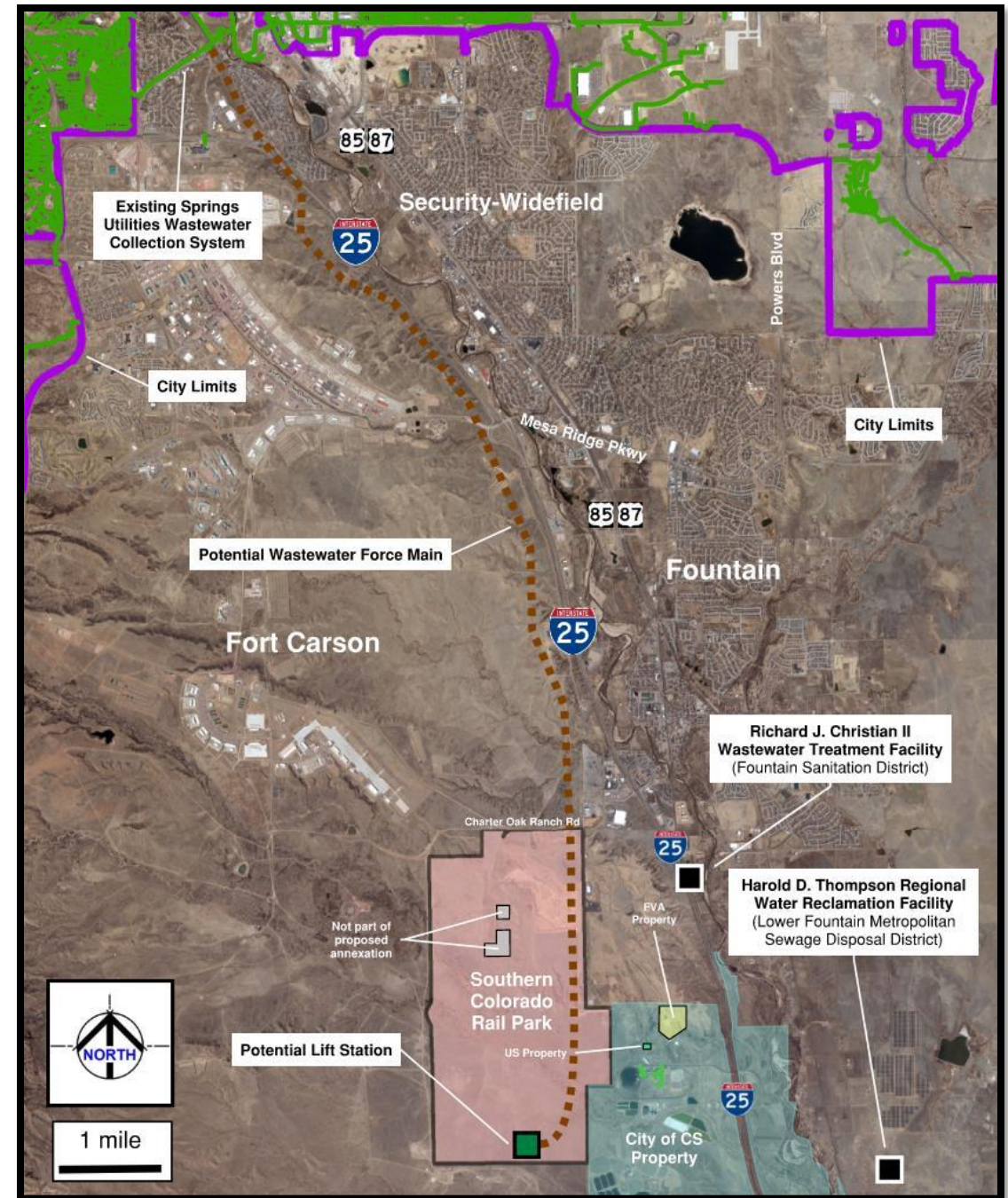
- Water demands could vary greatly based on proposed uses(s)
 - Light industrial vs. heavy industrial/manufacturing
- Potential water demand based on current in-city industrial water use.
- Service to property may entail extension of parallel water mains for redundancy
- Alternative water delivery methods will be evaluated if annexation occurs





Wastewater Service

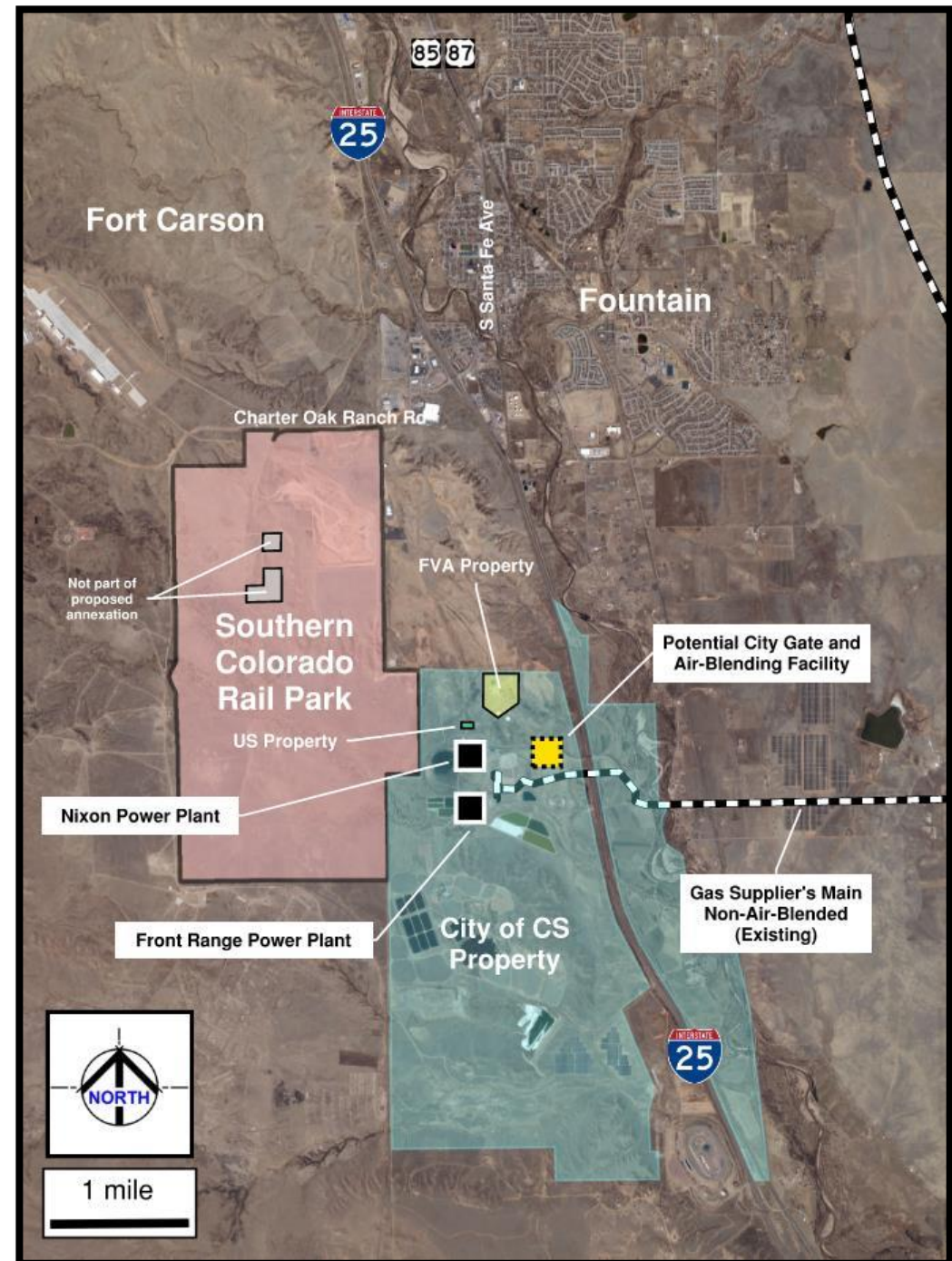
- Property located in Fountain Sanitation District (FSD) service area
- FSD generally agreeable to negotiating a third-party wholesale service agreement with Utilities for SCRP
- FSD has limited treatment capacity and upgrades would be required for flows greater than 0.24 MGD
- Direct service option could entail new lift station and force main extension connecting to Utilities' existing collection system





Natural Gas Service

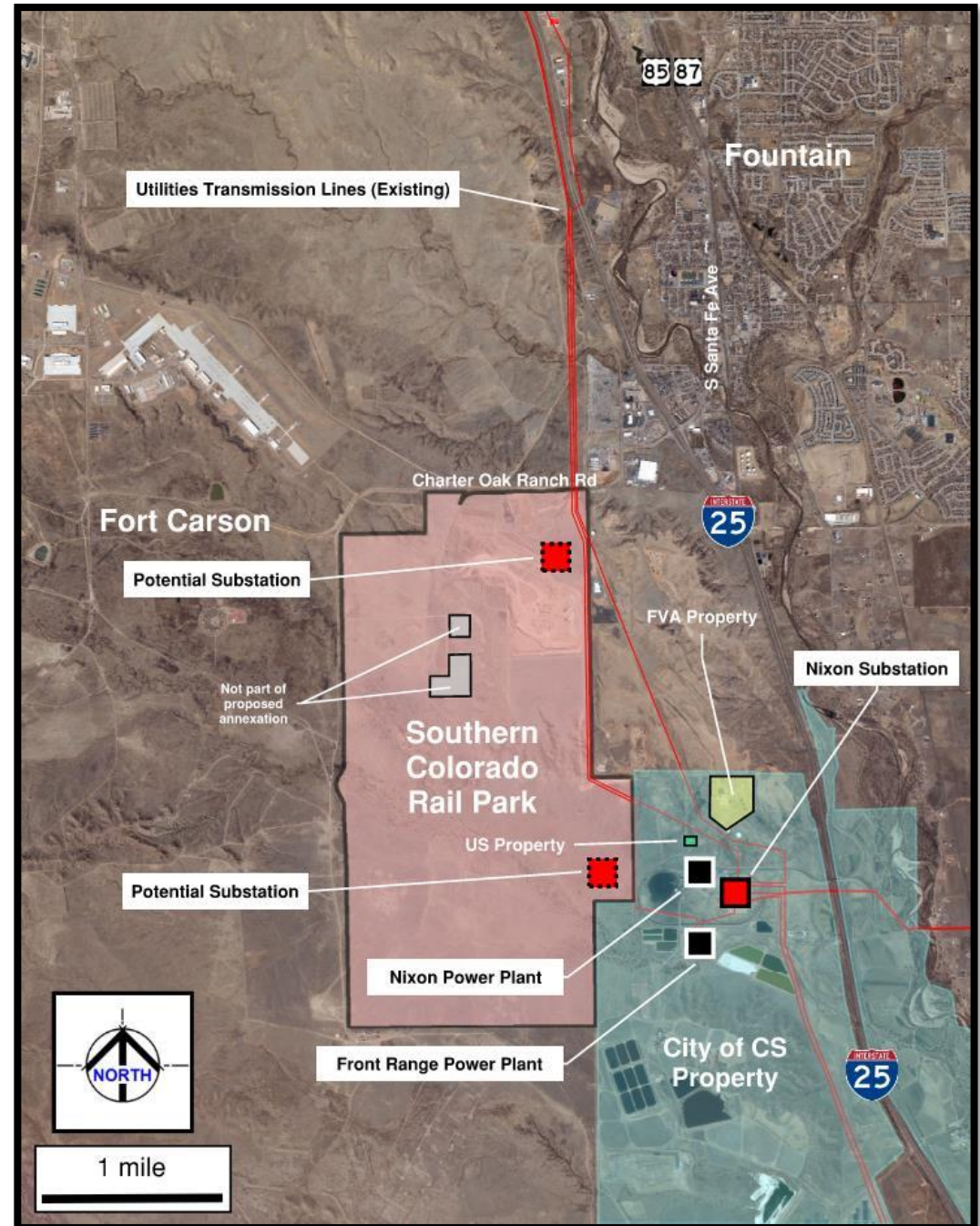
- Property not located in another provider's service area
- Existing gas supplier's main serves Front Range Power Plant
 - Non-Air-Blended Gas
- Alternative natural gas delivery methods will be evaluated if annexation occurs





Electric Service

- Nixon Substation located nearby
- 115kV and 230kV lines adjacent to site could support new substation(s)
- Energy demands could vary greatly based on proposed uses(s)
 - Light industrial vs. heavy industrial/manufacturing
 - Initial estimates for high use would require additional resource/generation development



Annexation Cost Considerations

Per Annexation Agreement, owner fully responsible for the following costs:

- All utility infrastructure or facilities that do not provide regional benefit to Utilities' customers or service areas.
- Expansion of wastewater treatment capacity associated with any third-party wholesale service agreement with FSD.
- Design and construction of switching substation to support any user(s) electric loads exceeding 60 megawatts (MW).
- Stranded/Under-utilized Assets.

These costs are considered extraordinary and beyond Utilities' typical cost responsibilities.

Other Financial Considerations

- **Utilities Financial Risk**

- Approved annexation costs that occur prior to 2029 have not been included in our financial planning.

- **Electric Generation**

- Resources will need to be acquired beyond Utilities current plan.
- Estimated demands for proposed heavy-industrial use could be as high as 450MW.



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