

RECORD OF PROCEEDING

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**SOUTHEASTERN COLORADO WATER  
ACTIVITY ENTERPRISE**

**MINUTES**

**June 20, 2019**

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, June 20, 2019 at 11:28 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

**DIRECTORS PRESENT:**

Bill Long	Curtis Mitchell	Ann Nichols
Seth Clayton	Carl McClure	Howard "Bub" Miller
Tom Goodwin	Alan Hamel	Kevin Karney
Dallas May	Andy Colosimo	Patrick Garcia

**DIRECTOR(S) ABSENT AND EXCUSED:**

Greg Felt and Mark Pifher

**ENTERPRISE OFFICIALS PRESENT:**

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Principal Engineer Kevin Meador; Water Resources Engineer Garrett Markus; Senior Policy and Issues Manager Chris Woodka; Finance Manager Leann Noga; and Federal Lobbyist Christine Arbogast.

**VISITORS PRESENT:**

Doug Fitzgerald, U.S. Congressman Scott Tipton's office; Dwight Gardner, U.S. Senator Michael Bennet's office; Roy Vaughan, U.S. Bureau of Reclamation; Judy Leonard and Kim Swearingen, Pueblo West Metropolitan District; Bill Tyner, Colorado Division of Water Resources; Krystal Brown, U.S. Geological Survey; Jenny Bishop and Earl Wilkinson, Colorado Springs Utilities; Jerry Peña, GEI Consultants; Rick Kienitz, Aurora Water; Katiana Siatras, Wells Fargo Securities, and Gordon Dillon and Steve Howell, Kleinfelder

**APPROVAL OF MINUTES:**

President Long said the minutes of the May 16, 2019 Board meeting were posted to the Board website for review, and asked if there were any corrections or additions. Hearing none, Mr. Garcia moved, seconded by Mr. Karney, to approve the minutes. Motion unanimously carried.

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**FINANCE COMMITTEE REPORT:**

Treasurer Nichols reported the financial statements for May 2019 were posted to the Board website for review. Treasurer Nichols moved, seconded by Mr. Clayton, for acceptance of the May 2019 financial statements and payment of the June 2019 bills. Motion unanimously carried.

**CONSENT ITEMS:**

None

**PRESENTATIONS:**

**FEDERAL LEGISLATION**

Ms. Arbogast reported the appropriations process is moving along quickly in the House. This week, they passed a "minibus" or a bill including five but not all of the 12 appropriations bills, including energy and water. The generous plus up for the Bureau of Reclamation was maintained in the House bill. The Senate has said that large of an increase is not likely to hold in a Senate bill, and so we will see how the two sides work out differences. The Senate has not yet started its process because a deal has not been reached on two-year budget caps, but Chairman Shelby is now indicating he may move forward.

After some progress on forest management in the 2018 farm bill, the USDA is going further with regulations which create categorical exemptions for forest management projects including thinning. This could be helpful to Colorado in some areas, because the farm bill exclusions left out some management programs in the urban corridors and drainages affecting urban areas.

The Waters of the United States issue continues to be a hodge podge of judicial decisions which often conflict with one another. The Senate Environment and Public Works Committee held a hearing on WOTUS and the EPA's new draft, but it was clear that the confusion of what is currently applicable also includes confusion in Congress. However, there still are no plans for a legislative fix.

**JAMES W. BRODERICK HYDROELECTRIC POWER FACILITY UPDATE**

Kevin Meador reported the James W. Broderick Hydropower Plant testing was completed on May 22, 2019. Plant operation demonstration testing was conducted for Reclamation on May 21 and 22, 2019. The project was declared Substantially Complete on May 24, 2019 at the completion of the five-day full operation testing by Mountain States Hydro. A notice-to-proceed for full operation was received from Reclamation on May 28, 2019.

Operations have progressed well with the exception of a shutdown to address a bearing issue with Unit 1 (the large turbine) on June 3, 2019 and a shutdown for Black Hills Energy repairs on June 5, 2019. As of noon, on June 13, 2019 the total energy generated was approximately 2,790 Megawatt-Hours (MWhr).

Mr. Meador introduced Gordon Dillon from Kleinfelder, who reported on his experience working on the hydroelectric plant.

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AVC UPDATE

Chris Woodka reviewed the following:

- **Regionalization:** Regionalization is an attempt to develop strategies for AVC stakeholders to comply with water quality standards until the AVC is built. The first workshop for the AVC Regionalization contract between the Bureau of Reclamation (Reclamation) and CDM Smith was held on May 20, 2019. The workshop finalized the format for the first phase, which is to identify possible regional hubs. Subsequent phases will look at providing service within each of those hubs.
- **Reclamation Visit:** Deputy Commissioner David Palumbo, Great Plains Regional Director Michael Black, Senior Advisor Brian Becker, ECAO Manager Signe Snortland, and Project Manager Sam Braverman came to Pueblo for an in-depth meeting on the AVC on May 30-31, 2019. Also attending were Kirk Russell of the Colorado Water Conservation Board, District consultants Bill McDonald, Lowell Pimley (by phone), and Christine Arbogast, District President Bill Long, and District staff.

It was agreed to begin a Value Planning process to reduce cost and time for building the AVC. Mr. Palumbo said Value Planning could help to restore AVC funding by showing additional value (benefits vs. expenditures) of the AVC. But he also said it is important to show “non-federal, not insignificant” participation as well. Mr. Russell explained the District still has \$42 million of its \$60 million loan available as a “line of credit” for AVC.

May 31, 2019 was Signe Snortland’s last day on the job as ECAO Manager. Those who are familiar with the AVC process will recall that she guided the Environmental Impact Statement process before coming to the ECAO, and has a long history of working to make the AVC a reality.

The group also toured the James W. Broderick Hydropower Plant during the visit.

- **Value Planning:** Value Planning is a structured problem-solving process that looks at alternatives to meet the needs of a project. The team will meet in mid-July to examine the AVC route east of Pueblo to see how efficiencies could be incorporated. The District, Reclamation, and Pueblo Water are in discussions for using Pueblo Water’s system to deliver water to AVC. The District also plans to discuss materials and construction methods during this process.
- **Committee Meeting:** An AVC Committee meeting will be 30 minutes after the adjournment of the June 20, 2019 Board and Enterprise Activity meetings to provide more in-depth information about the ongoing and new AVC processes.

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**ACTION ITEMS:**

**SECOND AMENDMENT TO THE HYDROELECTRIC POWER PURCHASE AGREEMENT DATED OCTOBER 3, 2017 BETWEEN COLORADO SPRINGS UTILITIES AND THE SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE**

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In summary:

- 9.6 (1) allows SECWAE to deliver the REC Attestation and Bill of Sale on or before the 25<sup>th</sup> day of each month instead of the 5<sup>th</sup>.
- 9.6 (2) language is not changed from original PPA.
- 9.6 (3) is new and addresses how RECs will be tracked and reconciles (annually versus monthly)

Exhibit A is changed to allow for easier tracking by Colorado Springs Utilities.

Mr. Karney moved, seconded by Mr. Goodwin, the Board approve the Second Amendment to the Hydroelectric Power Purchase Agreement (PPA) dated October 3, 2017 between Colorado Springs Utilities and the Southeastern Colorado Water Conservancy District acting by and through its Water Activity Enterprise. Motion unanimously carried.

**INFORMATION ITEMS:**

The Board was provided written material on the following topics, which were posted to the Board website:

- AVC and Excess Capacity Master Contract Update

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**OTHER BUSINESS MATTERS:**

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 11:51 a.m.

Respectfully submitted,

Toni Gonzales  
Administrative Manager

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Secretary

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