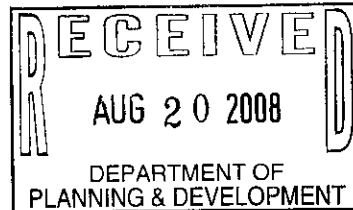




Colorado Springs Utilities

It's how we're all connected

August 20, 2008



Mr. Kim B. Headley
Director of Pueblo County
Planning and Development
229 West 12th Street
Pueblo, CO 81003

Subject: Submittal of Permit Application and Advance of Estimated Review Fee for a House Bill 1041 Permit to Construct, Operate and Maintain Southern Delivery System Project Components within Pueblo County

Dear Mr. Headley:

Colorado Springs Utilities, on behalf of our project partners, Pueblo West Metropolitan District, City of Fountain, and Security Water District, is pleased to submit a House Bill 1041 Permit Application (Application) to Construct, Operate and Maintain Southern Delivery System (SDS) Project Components within Pueblo County.

The Application is being submitted at this time because, subsequent to our evaluation of comments on the SDS Draft Environmental Impact Statement (DEIS) provided by Pueblo County's Special Counsel, Raymond L. Petros Jr., the likelihood of obtaining a Finding of No Significant Impact (FONSI) appears improbable.

Consequently, we are submitting the Application, including an advance of \$50,000, to initiate the Application review process rather than postpone Application efforts until after a formal FONSI Determination has been made and communicated to us. We hope that this will allow you to move forward in evaluating the Application for completeness concurrently with your effort to complete the FONSI Determination and establish the Application review fee. We recognize that the Application review fee may ultimately be a higher or lesser amount.

If you determine that a FONSI is appropriate, please refund any unused Application review funds.

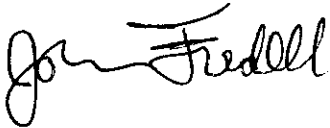
We have submitted five printed and electronic copies of the Application, the SDS Draft Environmental Impact Statement (DEIS), and other supporting technical documents.

We believe that the information provided in the Application addresses Pueblo County's House Bill 1041 permit procedures and that the Project meets Pueblo County's permit criteria for approval. As we have indicated previously, we do reserve any position set forth in our legal counsel David R. Eason's letter of March 27, 2008 to Daniel Kogovsek, Raymond L. Petros, and Gary Raso.

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Should you have any questions or need additional information, please don't hesitate to contact me at (719) 668-8037.

Sincerely,

A handwritten signature in black ink, appearing to read "John Fredell". The signature is fluid and cursive, with the first name "John" written in a smaller, more compact script than the last name "Fredell".

John Fredell
Southern Delivery System Project Director

On Behalf of Pueblo West Metropolitan District, the City of Fountain, and Security Water District.

cc: D. Saling - Pueblo West Metropolitan District
L. Patterson - City of Fountain
R. Heald - Security Water District

Enclosure: Certified Check