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March 27, 2008

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Gary J. Raso
Gary J. Raso, P.C.
215 E. Pitkin Avenue
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Re: Application of Colorado Springs Utilities ("Springs Utilities") as Project Manager of Southern Deliver System ("SDS") Project for Permit under Title 17, Division II of Pueblo County's Land Use Code ("Areas and Activities of State and Local Interest")

Gentlemen:

As you know, Springs Utilities is submitting pre-application correspondence and materials to Pueblo County in connection with the SDS Project. The purpose of this letter is to confirm certain matters with respect to that submission and any application made to Pueblo County.

As discussed in the pre-application correspondence, Springs Utilities has submitted the pre-application materials and correspondence, and will submit any application and related information, under protest, expressly and fully reserving, and without any waiver or compromise of, the positions and objections it and all other SDS participants have taken and expressed concerning Pueblo County's attempts to assert regulatory authority with respect to the SDS Project. Those positions and objections have been detailed in papers filed in the ongoing litigation between Springs Utilities and the County, currently on appeal, and have been the subject of discussion and communication between Springs Utilities and representatives of Pueblo County's Department of Planning and Development and other representatives of the County. In



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indistinguishable in impact from other, similar projects which the County has determined require no review or permitting.

7. The position and objection of Springs Utilities and other Project participants that designations and regulations adopted by Pueblo County under H.B. 1041 are inapplicable to the SDS Project, exceed the authority delegated to the County under the statute, constitute the product of an unconstitutional delegation of legislative power, and are inconsistent with and preempted by federal authority with respect to the Project.

To the extent Springs Utilities has furnished or will furnish documents, data or information to Pueblo County in connection with the Application, it does so fully reserving, and without waiver or compromise of, its and other Project participants' positions and objections in this matter. Without limiting the foregoing, Springs Utilities objects to Pueblo County's consideration of any data or information pertaining to: (1) the transport, storage, treatment, distribution, use, reuse, return and discharge of water in the City of Colorado Springs and/or El Paso County; (2) returns, recaptures or exchanges of water; (3) the storage or withdrawal of water in or from Pueblo Reservoir, the use of structures associated with the dam at Pueblo Reservoir, and the uses of Federal land relating to the Project; and (4) circumstances or activities occurring within the City of Pueblo. Information relating to such matters is irrelevant to the exercise of any regulatory authority Pueblo County may have and, to the extent it may be provided by Springs Utilities, is provided solely as a courtesy and without any admission or concession concerning its relevance or the propriety of its consideration.

Please contact the undersigned should you have any question concerning the foregoing, or should you require any further clarification.

Very truly yours,

BERENBAUM, WEINSHIENK & EASON, P.C.


David R. Eason

cc. J. Fredell
K. Burgess