

March 17, 2009

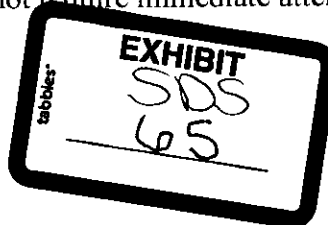
Mr. John Naylor
Naylor & Geisel, P.C.
1123 N. Elizabeth St.
Pueblo, CO 81003

Re: Dispute resolution commitment

Dear Mr. Naylor:

I hope that we have made progress over the last week in alleviating Mr. Walker's concerns regarding the potential impacts of SDS Project construction and operations activities on Mr. Walker's property. As you know, Colorado Springs Utilities has made various commitments to the U.S. Bureau of Reclamation and Pueblo County regarding the conduct of SDS Project construction operations and reclamation of disturbed lands, and we believe that those commitments will protect Mr. Walker. Nonetheless, we would like to propose the following dispute resolution process for any disputes that may arise from SDS Project activities on Mr. Walker's land.

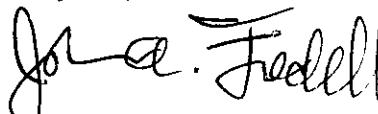
If a dispute arises between Mr. Walker and Colorado Springs Utilities regarding the conduct of SDS Project construction or operation on Mr. Walker's land, Colorado Springs commits to work with Mr. Walker in good faith to resolve the issue. If Mr. Walker believes an issue requires immediate attention, he may contact the SDS Project Construction and Delivery Program Manager, or other SDS staff, directly to request immediate action, and SDS staff will endeavor in good faith to resolve the issue promptly. If, however, the issue is not resolved to Mr. Walker's satisfaction, or if the dispute does not require immediate attention, Colorado Springs commits to the following process:



1. The parties shall hold a meeting promptly, but in no event later than thirty (30) calendar days from the initial written notice of the dispute, attended by persons from Colorado Springs Utilities with decision-making authority, to attempt in good faith to negotiate a resolution of the dispute.
2. If, within thirty (30) calendar days after the meeting described above, the parties have not succeeded in negotiating a resolution of the dispute, Colorado Springs Utilities agrees to submit the dispute to non-binding mediation and to bear the costs of the mediation. The parties shall jointly appoint an acceptable mediator.
3. The parties will participate in good faith in the mediation and negotiations related thereto for a period of thirty (30) calendar days. The substantive and procedural law of the State of Colorado shall apply to the proceedings. If the mediation does not result in a successful resolution of the dispute, either party will be free to litigate the matter in a court of competent jurisdiction.

By this letter, Colorado Springs Utilities commits to the above-described dispute resolution process. If this process is acceptable to Mr. Walker, please indicate his acceptance by signature below.

Very truly yours,



John A. Fredell

AGREED TO AND ACCEPTED this 18th day of March, 2009.

By:

Title:

