

ANTHONY NUÑEZ
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DISTRICT 1

J.E. CHOSTNER
CHAIR PRO TEM
DISTRICT 3



JOHN B. CORDOVA SR.
COMMISSIONER
DISTRICT 2

JULIE ANN WOODS
DIRECTOR
planning@co.pueblo.co.us

**PUEBLO COUNTY
DEPARTMENT OF PLANNING AND DEVELOPMENT**

May 29, 2012

Mr. John A. Fredell
Colorado Springs Utilities
121 South Tejon Street, Fourth Floor
P.O. Box 1103, Mail Code 940
Colorado Springs, CO 80947-0940

Re: **Southern Delivery System, Pueblo County 1041 Permit No. 2008-002**

Dear Mr. Fredell:

You have asked Pueblo County to provide its determination concerning several issues related to the referenced Permit. Our responses are as follows:

1. **Permit Condition 2.** The County has determined that Colorado Springs Utilities has fulfilled the requirement to take substantial steps to construct the Project within 36 months of the date of the Permit as required by Condition 2 and hereby acknowledges receipt of Colorado Springs' letter of April 12, 2012, and the addendum dated May 11, 2012, which detail those steps.

2. **Permit Condition 4.** We are aware of the recent Pueblo County District Court decision remanding for reconsideration the State of Colorado's 401 Certification for the SDS Project but not enjoining the ongoing SDS construction. We understand that the State of Colorado and Colorado Springs Utilities have formally decided to pursue an appeal. We also understand that the U.S. Army Corps of Engineers will not modify or suspend the 404 Permit for the Project pending resolution of an appeal to the Colorado Court of Appeals. Similarly, under and based upon these circumstances, Pueblo County, will not seek to modify or suspend the 1041 Permit for the SDS Project during the pendency of the Appeal.

3. **Permit Condition 22.** Colorado Springs Utilities has raised concerns about the site restoration and reclamation issues presented by landowner preferences, the possible expiration of temporary construction rights-of-way, and the difficulty of successfully revegetating the right of way in the Motorsports Park area because of unauthorized excursions into the newly revegetated areas. Pueblo County will work cooperatively with Colorado Springs to ensure that the reclamation requirements under Condition No. 22 are not applied in a way that makes them unreasonable in these special situations.

Among the issues that have been or will be addressed are the following:

A. Pueblo West Metropolitan District has requested to have a hiking and biking trail constructed on a portion of its property paralleling the Project pipeline instead of full revegetation of this area. A satisfactory resolution was approved by the County in a letter dated April 30, 2012.

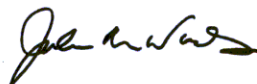
B. You have reported that at least one property owner has expressed the desire not to have the right-of-way revegetated at all because of his intention to construct a horse corral at that location. Once these facts and a request are submitted to the County, we will provide a specific letter approving such substitute reclamation obligations upon receipt of a satisfactory written release and agreement from the landowner. As provided in Condition 22, we will review other reasonable reclamation substitutes on a case-by-case basis when a landowner requests and agrees to such substitute.

C. On some lots, you have informed us the term of the Project's temporary construction easement may expire before revegetation efforts are fully complete under the 1041 Permit. We expect that you will use best efforts to obtain permission from the property owners for continued access for a sufficient time to meet revegetation requirements, but if the landowner refuses to grant such permission, and if growing season and weather conditions have made full re-vegetation problematic, the County will work with you and the subject landowners on devising a solution consistent with the intent and purposes of Condition 22. Obviously, both sides hope that a great majority of the land owners will be cooperative and allow you to complete the re-vegetation requirements as specified in the Condition.

D. You have expressed concerns over your ability to control off-road vehicles in the Pueblo Motorsports Park for a long enough time to get vegetation to take hold on the land disturbed by the SDS pipeline construction. It is our expectation that we will work with you and the Park's owner, the City of Pueblo and other affected parties, to address this issue.

The County has determined that the foregoing are appropriate responses to your questions about these Conditions and this letter constitutes our commitment to these determinations.

Sincerely,



Julie Ann Woods, AICP/ASLA


Pueblo County Planning and Development
Director

Reviewed and Approved:

Board of Pueblo County Commissioners:



Anthony Nunez
Chair



J.E. Chostner,
Chair Pro Tem



John B. Cordova, Sr. ,
Commisioner