

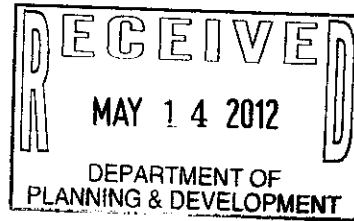


Colorado Springs Utilities

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May 11, 2012

Pueblo County
Department of Planning and Development
229 West 12th Street
Pueblo, Colorado 81003
Attention: Ms. Julie Ann Woods, Director of Planning and Development



Subject: Addendum to Pueblo County Construction Progress Summary, Southern Delivery System

Dear Ms. Woods,

Colorado Springs Utilities submitted a report titled Pueblo County Construction Progress Summary to Pueblo County on April 12, 2012. That report provides information demonstrating the substantial steps taken toward completion of the Southern Delivery System (SDS). The report includes descriptions of design and construction activities, permitting and land acquisition achievements, and representative construction photographs. This addendum provides supplemental information that Pueblo County requested.

Permit Acquisition

Section 2.1 of the report describes the status of permit acquisitions, identifies major permits and approvals that have been acquired, and acknowledges that numerous construction specific permits have been acquired. This section did not specifically identify Flood Hazard Area Development (floodplain) Permits obtained for work in Pueblo County or discuss Pueblo County land use permitting for the Juniper Pump Station power supply.

The following three floodplain permits were required and obtained for construction in Pueblo County:

- Permit No. 2010-002, Approved August 31, 2010, Purpose: Construction of Pueblo Dam Connection 1A at the North Outlet Works within the Arkansas River floodplain
- Permit No. 2011-003, Approved May 5, 2011, Purpose: Construction of South Pipeline 2 crossing beneath Wild Horse Creek (North of E. Jaroso Drive)
- Permit No. 2011-004, Approved May 5, 2011, Purpose: Construction of South Pipeline 2 crossing beneath Dry Creek (North of Bronco Lane; South of Wild Rose Lane)

Colorado Springs Utilities will apply for additional floodplain permits as necessary for future SDS construction.

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Planning for the Juniper Pump Station power supply is at a preliminary stage. Appropriate permit approvals will be obtained for the power supply, taking into consideration the provisions of paragraph 4.3 of the 1041 Permit.

Land Acquisition

Section 2.2 of the report describes land acquisition progress and includes maps of property interest locations. Properties acquired in fee were included in the report but not identified separately. In 2010, the following six properties within Pueblo West were acquired in fee for SDS construction:

- TSN 9532026011, 1080 E. Desert Cove Drive
- TSN 508006016, 1112 E. Paramount Drive
- TSN 505005020, 1070 E. Sequoya Drive
- TSN 505010011, 1078 E. Marengo Drive
- TSN 9529011047, 1051 E. Linda Avenue
- TSN 508010006, 1133 E. Industrial Avenue

Condition No. 17 of the 1041 Permit requires the applicant to pay a fee in lieu of property taxes for any land acquired in fee. Payment must be by April 30th of each year. To date, Colorado Springs Utilities has made the following payments to the Pueblo County Treasury in accordance with this condition:

- Tax Year 2010 – \$5,600.19 paid on April 28, 2011
- Tax Year 2011 – \$2,892.56 paid on April 27, 2012

Wastewater System Expenditures

Condition No. 7 of the 1041 Permit requires annual reporting of expenditures on improvements to Colorado Springs Utilities' wastewater system. Colorado Springs Utilities continues to invest in improvements to its wastewater system. Expenditure information was first submitted in January 2010 and has been included in Attachment 7 of the Permit Compliance Annual Reports submitted to Pueblo County and other agencies since January 2011 and was not repeated in the summary report for SDS construction.

Conservation and Reuse

Condition No. 24 of the 1041 Permit requires Colorado Springs Utilities to commit to continue conservation and reuse of water. Colorado Springs Utilities, on behalf of the SDS Participants, remains committed to incorporating conservation and local reuse as important aspects of their water management plan. This commitment has been affirmed in Attachment 1 of the Quarterly Construction Reports submitted to Pueblo County since January 2011 and was not repeated in the summary report for SDS construction.

Please contact me at 719-668-8037 or Mark Pifher at 719-668-8693 with any questions regarding this information.

Sincerely,



John A. Fredell
Program Director
Southern Delivery System

cc: Gary Raso, Special Assistant County Attorney
Ray Petros, Special Counsel