



**Colorado Springs Utilities**  
*It's how we're all connected*

Received by Department of  
Planning & Development  
July 3, 2012

Ms. Julie Ann Woods  
Director of Planning and Development  
Pueblo County  
229 West 12<sup>th</sup> Street  
Pueblo, CA 81003-2810

June 29, 2012

**Re: SDS Questions**

Dear Ms. Woods:

Colorado Springs Utilities (CSU), as project manager for the Southern Delivery System (SDS) continues to take all steps necessary to ensure full compliance with all of the 1041 permit terms and conditions. Based on some recent comments and questions that have come to our attention, we are concerned that there may be some misunderstandings as to what is currently taking place relative to both "on-the-ground" SDS activities and compliance with the SDS permit reporting requirements.

In response to the County's concerns over the content of the 2011 Permit Compliance Annual Report (PCAR), CSU has provided you with a copy of our recent correspondence to Ms. Terauds of the Bureau of Reclamation. As noted therein, CSU is engaged in efforts to ensure continued compliance with the stormwater conditions of the permit, will report quarterly on its stormwater related activities, has provided a detailed accounting on monies expended since 2009 on wastewater system improvements, and will cooperate with the Southeastern Colorado Water Conservancy District and the Bureau of Reclamation at such time as they choose to pursue a management plan for Pueblo Reservoir.

In addition, I want to reiterate that you will be a key member of the architectural review team for the Juniper Pump Station in accordance with paragraph 21 of the 1041 permit. The design is currently advancing from a concept drawing to 60% design, and it is my understanding that you recently met with Steve Duling, SDS Project Manager, to discuss actions taken to date and future steps to complete project design. We anticipate that you will be actively engaged in that process. Though some construction associated with the South 1 Pipeline has recently begun to the north of the Pump Station site, no on-site work has commenced on the Pump Station.

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Finally, we want to reiterate that Pueblo West Metropolitan District will not be taking water directly from the North Outlet. Rather, it will receive its water through a yet-to-be-constructed connection located between Pueblo Dam and the Juniper Pump Station. We can further describe the details of the pipeline connections at a future meeting if you so desire. Further, Pueblo West's utilization of the features and facilities of the SDS Project will be constrained as provided under the provisions of the 1041 permit for SDS and the 2010 Settlement Agreement.

Should you have any questions or wish to meet to discuss these issues, please feel free to call me (719-668-8037) or Mark Pifher (719-668-8693) at any time.

Sincerely,

A handwritten signature in blue ink that reads "John A. Fredell". The signature is written in a cursive style with a vertical line at the end.

John A. Fredell  
Program Director  
Southern Delivery System

CC: Ray Petros



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Ms. Valda I. Terauds, Special Assistant  
United States Department of Interior  
Bureau of Reclamation – Great Plains Region  
Eastern Colorado Area Office  
11056 West County Road 18E  
Loveland, Colorado 80537-9711

June 29, 2012

**Subject: 2011 Permit Compliance Annual Report for Southern Delivery System (SDS)**

Dear Ms. Terauds:

Colorado Springs Utilities (CSU) is in receipt of a copy of Pueblo County's correspondence to you dated June 19, 2012 regarding the 2011 Permit Compliance Report (PCAR) for the SDS project. We would like to respond to the concerns expressed therein.

First, CSU would note that it takes very seriously all of the County and Reclamation permit/approval conditions related to stormwater control. It is actively engaged in efforts to both complete an updated, regional drainage criteria manual and to advance a long-term, regional solution to stormwater management. CSU has provided to Reclamation separate correspondence on this topic, which it has shared with the County. CSU will continue to keep both Reclamation and the County apprised of local stormwater management initiatives as they progress.

With specific reference to the statement at page 21 of the PCAR, as referenced on page 2 of the County correspondence, SDS acknowledges the need to address stormwater activities under ENF-1 (1)(y) of the Mitigation Appendix to the 1041 permit. However, page 21 of the PCAR refers to the condition found in ENF-1 (2), which concerns reports due "following commencement of water deliveries through the SDS pipeline." ENF-1 (1) is addressed on page 20 of the PCAR, and cross-references the quarterly reports to Pueblo County in which each of the relevant ENF-1 (1) provisions is discussed, including (1)(y). Hence, there may simply exist some confusion on this point.

As regards the \$27.9M spent to date as part of the total \$75M commitment towards wastewater system improvements, the County desired some additional background

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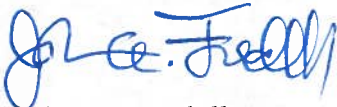
*June 29, 2012*

documentation on these expenditures. However, a detailed list of the 2010 and 2011 wastewater projects was attached as an Appendix to the 2011 PCAR, while the detail on 2009 expenditures was previously forwarded to the County under separate cover. That said, a copy of all three documents is attached to this response.

Finally, with reference to the 1041 permit condition No. 16, there is, in fact, little to report at this time, as neither the Southeastern Colorado Water Conservancy District nor Reclamation have yet pursued a reservoir management plan for Pueblo Reservoir. These two entities have primary jurisdiction over Reservoir operations. Nevertheless, CSU will certainly meet its commitment to cooperatively participate in such plan development once these parties decide to move forward.

Thank you for your attention to these matters.

Sincerely,



John A. Fredell  
Program Director  
Southern Delivery System

CC: Julie Ann Woods