



Colorado Springs Utilities

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April 8, 2014

Carlie Ronca, Chief, Resources Division
United States Department of the Interior
Great Plains Region
Eastern Colorado Office
11056 West County Road 18E
Loveland, CO 80537-9711

Re: PCAR for Southern Delivery System

Dear Ms. Ronca:

Colorado Springs Utilities (CSU) is in receipt of the Pueblo County Department of Planning and Development correspondence to you dated March 28, 2014, concerning the permit compliance status of the Southern Delivery System (SDS) Project. I would like to supplement our first quarter reporting matrix with the following additional detail on the areas of concern noted by the County. In addition, CSU is prepared to provide you, upon request, with any available additional documentation that you believe may be useful, and will gladly arrange for a tour of the Project site should you so desire.

1. Pueblo West and Condition # 9: CSU has continued to work with Pueblo West to ensure that there is full compliance on its part with the conditions of the permit, with specific reference to condition # 9. A copy of the 2010 Settlement Agreement referenced in the Pueblo County correspondence is enclosed for your review and use.
2. Stormwater Controls: As Reclamation is aware, CSU has been continuing to assist the City in advancing the finalization and approval of a new Colorado Springs' drainage criteria manual (DCM). The DCM embodies the type of regulatory program contemplated under Condition # 23 of the Pueblo County 1041 permit. A revised version of the DCM has been submitted to the Colorado Department of Public Health and Environment (CDPHE) for its review. The revisions are designed to address the original set of CDPHE comments. It is anticipated, based on dialogue with CDPHE staff, that the CDPHE review should be complete in the coming weeks. The final draft can then be brought before City Council for its approval. In addition, as indicated in the quarterly matrix, the citizen led Stormwater Task Force is making great strides in an effort to place a regional stormwater proposal on the November ballot. Legal, engineering, and economic research have been conducted by outside consultants, a second public opinion poll has been completed, and both an IGA and ballot language are in the draft stages.
3. Wastewater System Improvements: CSU has reiterated its offer to Pueblo County staff to make available to them the CSU manager responsible for tracking the system improvements. Such a face-to-face meeting may assist in providing the type of verification that the County seeks.

121 South Tejon Street, Third Floor
P.O. Box 1103, Mail Code 930
Colorado Springs, CO 80947-0930

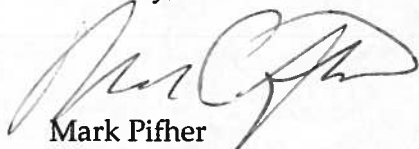
Phone 719.668.4800
Fax 719.668.8734
<http://www.csu.org>

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4. Pueblo Reservoir Management Plan: Neither the Southeastern Colorado Water Conservancy District nor Reclamation, the two agencies with primary jurisdiction over Reservoir operations have, to date, pursued a management plan. That said, CSU has once again brought this issue to the attention of Jim Broderick of the Southeast District. He has indicated that Pueblo County can contact him directly to discuss the status of any planning activities. This message has been conveyed to County staff.
5. Fountain Creek Monetary Mitigation: CSU agrees that staff of the parties have reached a verbal understanding as to the Condition # 6 calculation methodology and a written representation of that understanding should be executed shortly.
6. Restoration of Disturbed Areas: CSU, through its consultants, has been working cooperatively with the County and its consultant in efforts to ensure that the County's revegetation criteria are met. This includes the sharing of expert reports and the conduct of on-site visits. Relative to Mr. Walker's claims, after the large storm events of last fall, CSU retained expert consultants to visit the Walker easement and identify any additional restoration and revegetation activities that they believed were warranted. CSU, at great expense, has conducted all of the restoration efforts identified by the consultants and is very close completing the additional revegetation. In addition, County staff was given a tour of the Walker easement upon substantial completion of the above activities. Unfortunately, in a dispute over the value of the construction easement, which was originally appraised at approximately \$75,000, Mr. Walker has claimed damages to his property in an amount over \$9,000,000. A trial has been scheduled in the matter for November, 2014, and the litigants are currently exchanging expert reports.
7. Water Quality 401 Certification: CSU is awaiting the grant or denial of the petition for cert filed by those opposing the project and which is currently pending in the Colorado Supreme Court.

Should you be in need of any further information or explanation, please do not hesitate to contact me.

Sincerely,



Mark Pifher
SDS Permitting Manager

cc: Jaci Gould, Area Manager, BOR Great Plains Region
Mike Ryan, Regional Director, BOR Great Plains Regional Office
Anne Castle, Assistant Secretary for Water and Science, Department of the Interior
Joan Armstrong, Director, Pueblo County Planning and Development