

December 7, 2015

Board of County Commissioners of Pueblo County
Pueblo County Courthouse
215 W. 10th Street
Pueblo, Colorado 81003

RE: Public Hearing on SDS Reclamation and Revegetation

Dear County Commissioners:

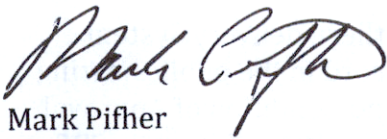
Colorado Springs Utilities (CSU), on behalf of the partners in the Southern delivery System (SDS) Project, submit the following additional information for the record in the public hearing on Condition of Approval No. 22 (Reclamation of Disturbed Lands) and Condition of Approval No. 28, Mitigation Appendix C-9 (Site Restoration) of the Pueblo County 1041 permit for SDS.

- Correspondence from John Fredell, Program Director, SDS, to Bret Jones, Senior Program Manager, Black Hills Energy, dated December 2, 2105, regarding "SDS Pipeline Easement" (copy attached). In this correspondence, Mr. Fredell notes that "SDS will look solely to Black Hills to restore, to the satisfaction of Pueblo County, any reclaimed areas along the SDS easement in Pueblo County that it [Black Hills] may have subsequently disturbed." This is consistent with discussions between CSU and Black Hills.
- Memorandum dated October 30, 2015, and prepared by MWH, Program Manager for the SDS Project, captioned "SDS Pipeline Segment S2 (North End S2/South End S3)—Enhancements to Address Observed Effects of Stormwater on Adjacent Property (copy attached)." Having noted that "the restoration of disturbed ground that followed SDS pipeline construction in this area returned the contours to their pre-project condition," the memorandum goes on to describe an effort, to be undertaken in coordination with Pueblo West, to "enhance the area beyond the requirements for restoration," by "modify[ing] the pre-project conditions in this localized area and thereby redirect[ing] stormwater runoff across the SDS easement and away from the adjacent privately-owned property."
- Amendment to Confidential Settlement Agreement Between Walker Ranches, LLP and Colorado Springs Utilities executed December 3, 2105. The Amendment provision which is of relevance to this hearing and consistent with the terms of the original Agreement, provides:

"Walker Ranches acknowledges the City's efforts in fulfilling the requirements of the Confidential Settlement Agreement and in particular acknowledges that the City has met the reclamation and revegetation provisions in the Confidential Settlement Agreement and has met or exceeded the requirements of conditions 20 and 22 of the 1041 Permit as well as the provisions of the associated Mitigation Appendices. The Parties agree that the City may inform Pueblo County of this Recital."

Colorado Springs Utilities reiterates its request that, upon consideration of the entire record in this matter, the Board of County Commissioners enter a finding of compliance by the SDS Project with the reclamation and revegetation conditions of the SDS 1041 permit and approve the release or expiration of the bonds posted by Colorado Springs Utilities for segments S1, S2, and S3 of the Project as located in Pueblo County.

Sincerely,



Mark Pifher
Permitting and Compliance Manager, SDS



Colorado Springs Utilities

It's how we're all connected

December 2, 2015

Bret Jones
Senior Program Manager
Black Hills Energy
105 S. Victoria Ave.
Pueblo, CO 81003

Re: Southern Delivery System Pipeline Easement

Dear Mr. Jones:

As you may recall, on September 15, 2105, representatives of Colorado Springs Utilities (CSU), on behalf of the Southern Delivery System (SDS) Project, met with you and your staff for purposes of discussing Black Hills construction activities occurring on or near the SDS easement in Pueblo County. At that time, CSU described the Pueblo County 1041 permit reclamation obligations associated with the construction of the SDS pipeline, and noted that we had observed some disturbance of the recently revegetated area as a consequence of ongoing Black Hills construction activities. Black Hills indicated that it would repair any significant disturbances, such as rutting, but assumed that the vegetation it had cut or otherwise disturbed would re-establish itself in the next growing season. Black Hills also noted that it conducted its construction operations in accordance with the terms of the existing utility easements.

An initial hearing on compliance with the reclamation conditions of the 1041 permit was held before the Pueblo County Commissioners on September 25. A continuation of that hearing was held on October 19, at which time the Commissioners requested that County staff tour the pipeline alignment in the County and prepare a report on their observations concerning the condition thereof. That tour occurred on October 27. County staff did note, at that time, an area of disturbance along the alignment that was associated with Black Hills construction activities.

A final hearing on the reclamation permit provisions is now scheduled for December 8. Obviously, you are welcome to attend. That said, CSU would like to reiterate at this time what it stated on September 15, i.e., that SDS will look solely to Black Hills to restore, to the satisfaction of Pueblo County, any reclaimed areas along the SDS easement in Pueblo County that it may have subsequently disturbed. Simply stated,

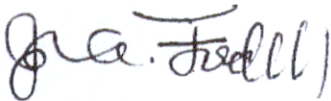
121 South Tejon Street, Third Floor
P.O. Box 1103, Mail Code 930
Colorado Springs, CO 80947-0930

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

there should be no future liability on the part of CSU or its SDS partners relative to compliance with the 1041 permit conditions as a consequence of Black Hills activities.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "John A. Fredell". The signature is fluid and cursive, with the first name "John" and last name "Fredell" clearly distinguishable.

John A. Fredell
Program Director, Southern Delivery System

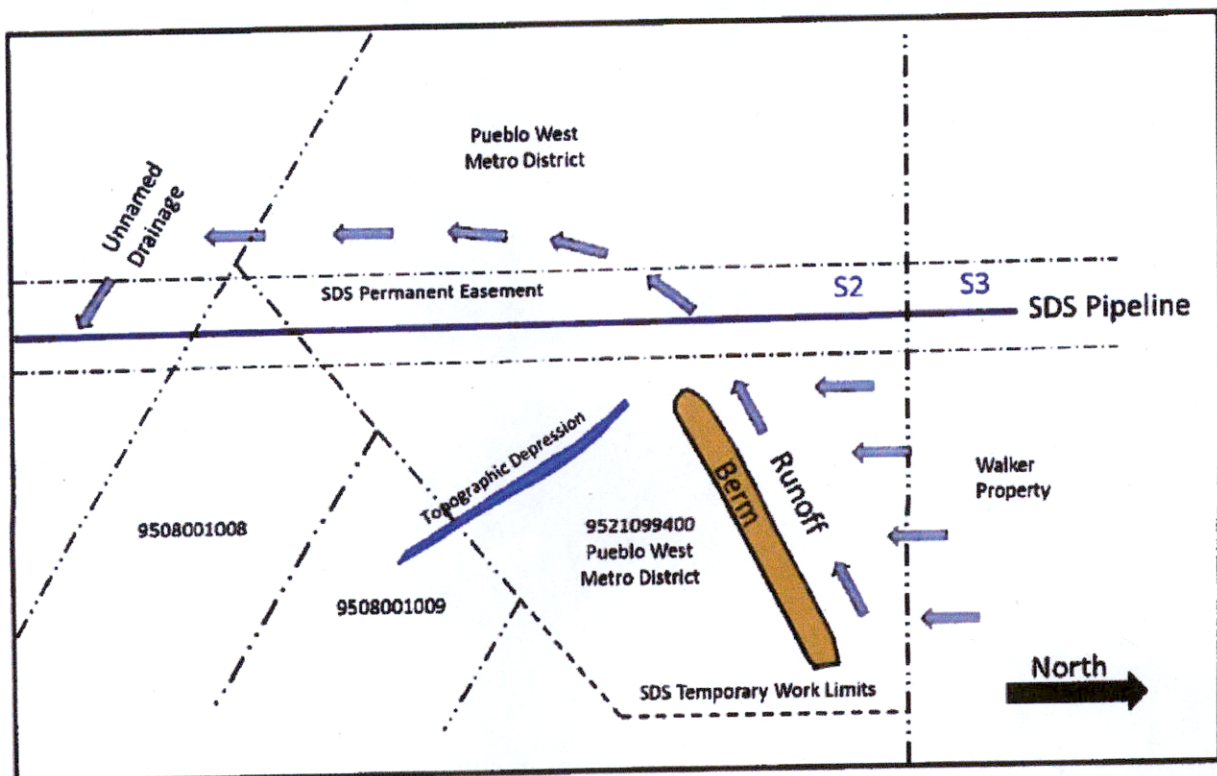
Cc: Joan Armstrong, Director, Pueblo County Planning and Development
Kevin Warmack, Black Hills energy
Eric Sisco, Black Hills Energy
Ebl Kazemi, Black Hills Energy

**SDS Pipeline Segment S2 (North End S2/South End S3)
Enhancements to Address Observed Effects of Stormwater on Adjacent Property
October 30, 2015**

The northern-most end of Segment S2 of the SDS pipeline alignment is located within Pueblo West and abuts the Walker property. The southern-most limit of the permanent easement for SDS Segment S3 is located on the Walker property.

The restoration of disturbed ground that followed SDS pipeline construction in this area returned the contours to their pre-project condition. Pre-project terrain in the area contained a depression in the topography approximately one foot deep that covers portions of the SDS easement and an adjacent property outside the SDS easement. Prior to SDS construction, overflows from this depression following heavy rainfall events result in inundation of a corner of the adjacent property.

The area is located within Pueblo County Tax Assessor Parcel Number 9521099400 owned by Pueblo West Metropolitan District and a privately-owned Parcel Number 9508001009 as shown in the figure below.





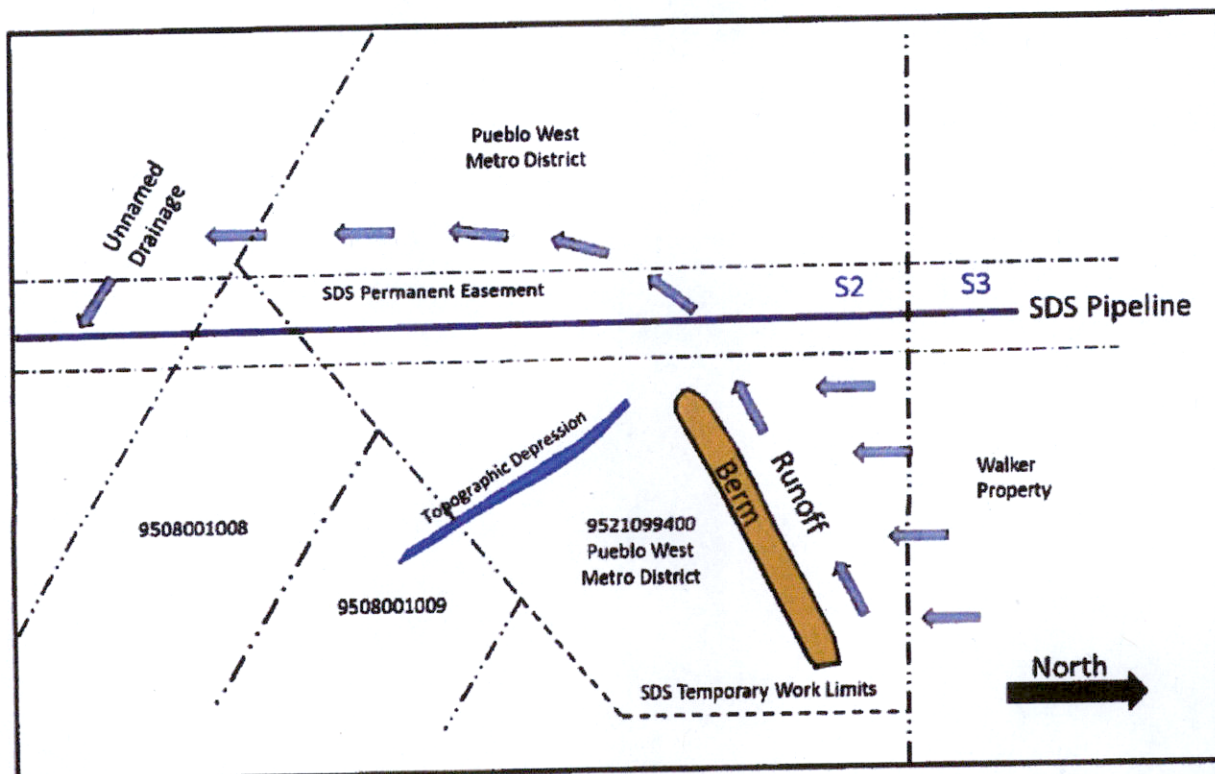
Colorado Springs Utilities is coordinating with Pueblo West Metropolitan District regarding alternative solutions to enhance the area beyond the requirements for restoration to pre-project conditions. Improvements planned will modify the pre-project drainage conditions in this localized area and thereby redirect stormwater runoff across the SDS easement and away from the adjacent privately-owned parcel. To accomplish this, Utilities anticipates construction of a small berm across the temporary easement area which will intercept runoff from contributing areas and direct it away from the adjacent property and across the SDS easement where it will then flow back to the unnamed drainageway to the south. Final determination of the approved solution is anticipated in December 2015 and construction will be performed along with additional restoration activities currently underway on the adjacent property in Segment S3.

**SDS Pipeline Segment S2 (North End S2/South End S3)
Enhancements to Address Observed Effects of Stormwater on Adjacent Property
October 30, 2015**

The northern-most end of Segment S2 of the SDS pipeline alignment is located within Pueblo West and abuts the Walker property. The southern-most limit of the permanent easement for SDS Segment S3 is located on the Walker property.

The restoration of disturbed ground that followed SDS pipeline construction in this area returned the contours to their pre-project condition. Pre-project terrain in the area contained a depression in the topography approximately one foot deep that covers portions of the SDS easement and an adjacent property outside the SDS easement. Prior to SDS construction, overflows from this depression following heavy rainfall events result in inundation of a corner of the adjacent property.

The area is located within Pueblo County Tax Assessor Parcel Number 9521099400 owned by Pueblo West Metropolitan District and a privately-owned Parcel Number 9508001009 as shown in the figure below.





Colorado Springs Utilities is coordinating with Pueblo West Metropolitan District regarding alternative solutions to enhance the area beyond the requirements for restoration to pre-project conditions. Improvements planned will modify the pre-project drainage conditions in this localized area and thereby redirect stormwater runoff across the SDS easement and away from the adjacent privately-owned parcel. To accomplish this, Utilities anticipates construction of a small berm across the temporary easement area which will intercept runoff from contributing areas and direct it away from the adjacent property and across the SDS easement where it will then flow back to the unnamed drainageway to the south. Final determination of the approved solution is anticipated in December 2015 and construction will be performed along with additional restoration activities currently underway on the adjacent property in Segment S3.