Colorado Springs Utilities
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January 24, 2007

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Bureau of Reclamation
Eastern Colorado Area Office
11056 West County Road 18E
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Subject: Southern Delivery System Environmental Impact Statement - Request to Revise Colorado Springs' No Action Alternative and Alternative 7

Dear Mr. Ore,

The purpose of this letter is to request a revision to Colorado Springs' No Action Alternative (NAA) and Alternative 7 in the Environmental Impact Statement (EIS) for the Southern Delivery System (SDS).

COLORADO SPRINGS' NO ACTION ALTERNATIVE

BACKGROUND

In 2004, Colorado Springs submitted its original NAA to the Bureau of Reclamation (Reclamation). The original NAA included two primary sources of water supply that would be combined and used for the increasing water needs of Colorado Springs through 2046, if an action alternative is not approved in the final Record of Decision. The two sources of water supply in the original NAA include: 1) development of a portion of Colorado Springs' water rights in the Denver Basin aquifers, and 2) use of a portion of Colorado Springs' reusable return flows (treated wastewater effluent) for indirect potable reuse. The original NAA is premised on a blend of no more than 50% reclaimed wastewater with Denver Basin Groundwater (DBGW). The original NAA was subsequently amended to add a third source of supply from the existing Fountain Valley Authority pipeline to supplement DBGW in order to meet the 50% blend objective.

Since 2004, new information has been developed that significantly changes the estimated number of groundwater wells necessary to produce the volume of DBGW needed in the original NAA. During the past three years, several Denver Basin wells have been drilled in Colorado Springs to supplement supply for limited irrigation and emergency purposes. Subsequent use of these wells has provided higher resolution characterization information of the aquifers. The aquifers have been found to be more variable and less homogeneous than previously understood. Using a more refined model, recent work, outside the scope of this EIS, by a Springs Utilities groundwater consultant showed well production rates to be lower than estimated in the original NAA. Because of the new estimated DBGW production rates, Springs Utilities requested

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Reclamation conduct a drawdown analysis. That analysis showed the sustainability of groundwater production in Colorado Springs, using the 67 originally estimated wells, would be much less than expected. Modeling by a Springs Utilities contractor confirmed Reclamation's drawdown analysis and now predicts that significantly more wells (approximately 300-500 wells) would be needed to produce the necessary DBGW. The additional wells would increase the cost (capital and O&M) of the original NAA by over 50%.

Based on this new information, it is not likely that Colorado Springs would construct the NAA as described, in the absence of an approved action alternative.

Requested Revision to No Action Alternative

Colorado Springs Utilities has reevaluated its NAA to identify reasonable and probable means of providing water in the future if an action alternative is not approved. Based in part on information gained during the past three years, the characteristics considered most important in this reevaluation include: a delivery system from the Arkansas River to provide redundancy for aging existing infrastructure; use of existing water rights; source water quality; and, cost.

The requested revised NAA substantially achieves those characteristics and includes the following project components:

- Arkansas River diversion near Hwy 115 with a raw water conveyance comparable to Alternative 7
- Jimmy Camp Creek Reservoir for terminal storage
- Williams Creek Reservoir for exchange storage
- Return flows conveyed in Fountain Creek
- A raw water line from the FVA facility to the Hwy 115 raw water conveyance
- Use of existing exchange decrees (Water Division 2 Decree Nos. 84CW203(A); 86CW118(A); the Amended Decree in consolidated cases 84CW202(B), 84CW203(B), 86CW118(B), and 89CW36 (non-sewered phase); 84CW62; 84CW63; 84CW64; and 86CW118) with the following primary operational preferences:
    1. return flows conveyed in Fountain Creek and exchanged to the Upper Basin
        - For purposes of this request letter the Upper Basin is defined as the Arkansas River and storage and diversion locations at or above an existing diversion on the Arkansas River herein know as the Ark-Otero Intake, located near the Otero Pump Station
    2. return flows captured in Williams Creek Reservoir and released for exchange to the Upper Basin
    3. return flows conveyed in Fountain Creek and exchanged to the Fountain Valley Authority pipeline

4. return flows captured in Williams Creek Reservoir and released for exchange to the Fountain Valley Authority pipeline
5. return flows conveyed down Fountain Creek to the Arkansas River and to Colorado Canal that are then held in Lakes Henry and Meredith until there is exchange potential to the Upper Basin

- A new configuration for the Otero Pump Station source location for Springs Utilities raw water supply
    - The Ark-Otero Intake would be used for exchanges during certain times of the year in addition to the use of the existing pipeline from Twin Lakes. Please note the Homestake Project Partners (Aurora and Colorado Springs) are evaluating potential improvements to the Ark-Otero Intake that would be independent of the proposed SDS project. These include improvements to the diversion and intake structures and if not done independently of the SDS project, will need to be included in the EIS for SDS. Improvements to the Ark-Otero Intake that are related to the SDS NAA and Alternative 7 include construction of a pumping station with up to 68 million gallons per day capacity and the associated power supply, a sediment removal facility, and an inter-connecting pipeline to the existing Twin Lakes Pipeline.
- No long-term excess capacity storage, exchange or conveyance contracts in Pueblo Reservoir
- Up to 4.5 million gallons per day of DBGW with conveyance pipelines to terminal storage in Jimmy Camp Creek Reservoir (well locations and pipeline alignments are within the current NEPA study area boundaries)

It should be noted that the other Project Participants are not requesting changes to their respective NAAs.

REQUESTED REVISION TO ALTERNATIVE 7

As noted in section 5.4.2.7 of the Alternatives Analysis Report, Alternative 7 did not pass cost screening criteria for inclusion in the EIS. However, due to public and Project Participant interest, Springs Utilities requested that it be included and that a return flow pipeline be evaluated in Alternative 7 to address public concern for water quality in Fountain Creek and for its potential yields. Potential water quality issues by a return flow pipeline are included in Alternatives 3, 4, and 5. During the reevaluation of the NAA, hydrologic modeling showed the return flow pipeline was not cost effective relative to its estimated yield. A more cost effective option is to deliver return flows down Fountain Creek, and incorporate the use of exchange storage in Williams Creek Reservoir as included in Alternative 2. Therefore, the following changes to Alternative 7 are requested:

- Remove the return flow pipeline that carries Colorado Springs return flows
- Include exchange storage (Williams Creek Reservoir) and conveyance (Fountain Creek) as described in Alternative 2

- Add a raw water line from the FVA facility to the Hwy 115 raw water conveyance
- Use of a new configuration for the Otero Pump Station source location for Springs Utilities raw water supply, as described in the requested revised NAA above.

Diagrams of the requested revised NAA and Alternative 7 are attached.

Thank you for your consideration of these revisions. At your earliest convenience please provide comments or approve in writing the requested revisions to Colorado Springs' NAA and Alternative 7.

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