

DEPARTMENT OF THE ARMY PERMIT

Permittee: Colorado Springs Utilities

Permit No. SPA-2005-00131-SCO

Issuing Office: Albuquerque District, U.S. Army Corps of Engineers

NOTE: The term "you" and its derivatives, as used in this permit, means the permittee or any future transferee. The term "this office" refers to the appropriate district or division office of the Corps of Engineers having jurisdiction over the permitted activity or the appropriate official of that office acting under the authority of the commanding officer.

You are authorized to perform work in accordance with the terms and conditions specified below.

Project Description: To discharge dredged and fill material into waters of the U.S. for the construction of a linear underground raw water pipeline crossing streams and wetlands and the construction of three outfall/inlet structures. The project involves constructing a 53-mile, 66-inch pipeline from Pueblo Reservoir dam north through Pueblo County into El Paso County to Colorado Springs. This includes 23 individual small stream/wetland crossings. The project includes construction of a raw water intake at the Pueblo Dam outlet works, modification to the Chilcotte Diversion intake structure and construction of an outfall structure for the return flow pipeline that discharges into Fountain Creek. The project includes 0.23 acre of permanent impacts to jurisdictional wetlands and 12.4 acres of temporary impacts to jurisdictional waters of the U.S., including wetlands. The project will be constructed in accordance with the attached Public Notice and drawings, entitled, "Southern Delivery System, Application No. SPA-2005-00131-SCO sheets 1 through 3 of 3 dated November 2008.

Project Locations: The project commences at the Pueblo Reservoir dam outlet and proceeds north by a linear pipeline through Pueblo West, Pueblo County and El Paso County, Colorado. The pipeline project includes open channel crossings in Pueblo County in Dry and Wild Horse Creeks, Steele Hollow, and two unnamed drainages. In El Paso County the project includes open channel crossings of Sand Creek (2 times), West Fork Sand Creek, Squirrel Creek, Jimmy Camp Creek (5 times), and Sand Creek (near Fountain), Young's Hollow, and 5 unnamed drainages. The return flow in El Paso County involves modification of the Chilcotte Ditch intake in the town of Fountain and construction of a return flow outfall into Fountain Creek south of the town of Fountain. The applicant will employ jack and bore technology for pipeline crossings of Fountain Creek to avoid stream and wetland impacts.

General Conditions:

1. The time limit for completing the work authorized ends on December 31, 2020. If you find that you need

more time to complete the authorized activity, submit your request for a time extension to this office for consideration at least one month before the above date is reached.

2. You must maintain the activity authorized by this permit in good condition and in conformance with the terms and conditions of this permit. You are not relieved of this requirement if you abandon the permitted activity, although you may make a good faith transfer to a third party in compliance with General Condition 4 below. Should you wish to cease to maintain the authorized activity or should you desire to abandon it without a good faith transfer, you must obtain a modification of this permit from this office, which may require restoration of the area.
3. If you discover any previously unknown historic or archeological remains while accomplishing the activity authorized by this permit, you must immediately notify this office of what you have found. We will initiate the Federal and state coordination required to determine if the remains warrant a recovery effort or if the site is eligible for listing in the National Register of Historic Places.
4. If you sell the property associated with this permit, you must obtain the signature of the new owner in the space provided and forward a copy of the permit to this office to validate the transfer of this authorization.
5. If a conditioned water quality certification has been issued for your project, you must comply with the conditions specified in the certification as special conditions to this permit. For your convenience, a copy of the certification is attached if it contains such conditions.
6. You must allow representatives from this office to inspect the authorized activity at any time deemed necessary to ensure that it is being or has been accomplished in accordance with the terms and conditions of your permit.

Special Conditions:

After a detailed and careful review of all of the conditions contained in this permit, the permittee acknowledges that, although said conditions were required by the Corps of Engineers, nonetheless the permittee agreed to those conditions voluntarily to facilitate issuance of the permit; the permittee will comply fully with all the terms of all the permit conditions.

1. Compensatory mitigation for authorized permanent impacts to jurisdictional wetlands is required per the Southern Delivery System Jurisdictional Wetland Mitigation Plan, dated January 2010, prepared for Colorado Springs Utilities by CH2M Hill. This includes monitoring as described in the plan and adaptive management as necessary to achieve success criteria.
2. The Permittee's responsibility to complete the required compensatory mitigation as set forth in Special Condition No. 2 will not be considered fulfilled until the permittee has demonstrated mitigation success and have received written verification from USACE.
3. Consultation with Colorado Department of Wildlife is required prior to beginning construction on any open trench crossing of Jimmy Camp Creek. This consultation must include discussion of channel

restoration and re-vegetation requirements.

4. Temporary impacts from trenched pipeline crossing of waters of the US will be conducted as described in Section 5.4 of the permit application, and subject to the terms and conditions described in Appendix C of the application. An exception is that temporary fills in wetlands will be placed on construction fabric or a similar barrier. Any load bearing temporary structures (work pads, etc) in waters of the U.S. must be separated from existing surfaces by construction fabric. In addition, limits and requirements for utility line crossings described in Nationwide Permit 12 are applicable to all open trench crossings. This includes those conditions associated with handling trench spoil and temporary fills.
5. Open trench crossings will be done during a low flow period of the hydrograph in perennial streams (does not pertain to jack and bore operations), and during times of no flow in intermittent or ephemeral channels.
6. The permittee will submit a plan that specifies how disturbed areas associated with temporary impacts to waters of the US will be restored. The plan must be approved by USACE before any temporary disturbance occurs. This plan will include reestablishment of pre-project contours, in-kind re-establishment of existing vegetation, including and woody species, methodologies for soil stabilization prior to plant establishment, success criteria, a maintenance/adaptive management plan, weed control and a monitoring plan. If existing vegetation is dominated by species commonly recognized as weeds, the permittee will base re-vegetation plans on a nearby undisturbed reach. This requirement pertains to temporary disturbances associated with the Chilcotte Ditch/Fountain Creek diversion and the Williams Creek Reservoir/Fountain Creek outfall and the raw water intake at the Pueblo Reservoir outfall site.
7. Trench spoil will not be stockpiled in flowing waters unless there is no practicable alternative.
8. All work in waters of the U.S. as required by the Bureau of Reclamation's Record of Decision, or by other agencies with permitting authority for this project, must be reviewed by USACE prior to project construction to determine if additional USACE authorization is required.
9. Prior to construction of the Williams Creek outfall structure and the Chilcotte Ditch intake structure and the Pueblo Dam Outlet Works intake structure, the final plans and design must be reviewed and approved by USACE.
10. Any conditions and requirements established in the Colorado Department of Public Health and Environment's Section 401 Water Quality Certification, if provided, are considered conditions of this permit.

Further Information:

1. Congressional Authorities: You have been authorized to undertake the activity described above pursuant to:
 - Section 10 of the Rivers and Harbors Act of 1899 (33 U.S.C. 403).
 - Section 404 of the Clean Water Act (33 U.S.C. 1344).

() Section 103 of the Marine Protection, Research and Sanctuaries Act of 1972 (33 U.S.C. 1413).

2. Limits of this authorization.

a. This permit does not obviate the need to obtain other Federal, state, or local authorizations required by law.

b. This permit does not grant any property rights or exclusive privileges.

c. This permit does not authorize any injury to the property or rights of others.

d. This permit does not authorize interference with any existing or proposed Federal project.

3. Limits of Federal Liability. In issuing this permit, the Federal Government does not assume any liability for the following:

a. Damages to the permitted project or uses thereof as a result of other permitted or unpermitted activities or from natural causes.

b. Damages to the permitted project or uses thereof as a result of current or future activities undertaken by or on behalf of the United States in the public interest.

c. Damages to persons, property, or to other permitted or unpermitted activities or structures caused by the activity authorized by this permit.

d. Design or construction deficiencies associated with the permitted work.

e. Damage claims associated with any future modification, suspension, or revocation of this permit.

4. Reliance on Applicant's Data: The determination of this office that issuance of this permit is not contrary to the public interest was made in reliance on the information you provided.

5. Reevaluation of Permit Decision. This office may reevaluate its decision on this permit at any time the circumstances warrant. Circumstances that could require a reevaluation include, but are not limited to, the following:

a. You fail to comply with the terms and conditions of this permit.

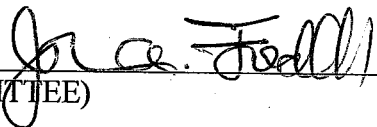
b. The information provided by you in support of your permit application proves to have been false, incomplete, or inaccurate (See 4 above).

c. Significant new information surfaces which this office did not consider in reaching the original public interest decision.

Such a reevaluation may result in a determination that it is appropriate to use the suspension, modification, and revocation procedures contained in 33 CFR 325.7 or enforcement procedures such as those contained in 33 CFR 326.4 and 326.5. The referenced enforcement procedures provide for the issuance of an administrative order requiring you to comply with the terms and conditions of your permit and for the initiation of legal action where appropriate. You will be required to pay for any corrective measures ordered by this office, and if you fail to comply with such directive, this office may in certain situations (such as those specified in 33 CFR 209.170) accomplish the corrective measures by contract or otherwise and bill you for the cost.

6. Extensions. General condition 1 establishes a time limit for the completion of the activity authorized by this permit. Unless there are circumstances requiring either a prompt completion of the authorized activity or a reevaluation of the public interest decision, the Corps will normally give favorable consideration to a request for an extension of this time limit.

Your signature below, as permittee, indicates that you accept and agree to comply with the terms and conditions of this permit.




(PERMITTEE)

4.26.2010

(DATE)

This permit becomes effective when the Federal official, designated to act for the Secretary of the Army, has signed below.



(For The DISTRICT ENGINEER)
Kimberly M. Colloton
Lieutenant Colonel, U.S. Army
District Commander

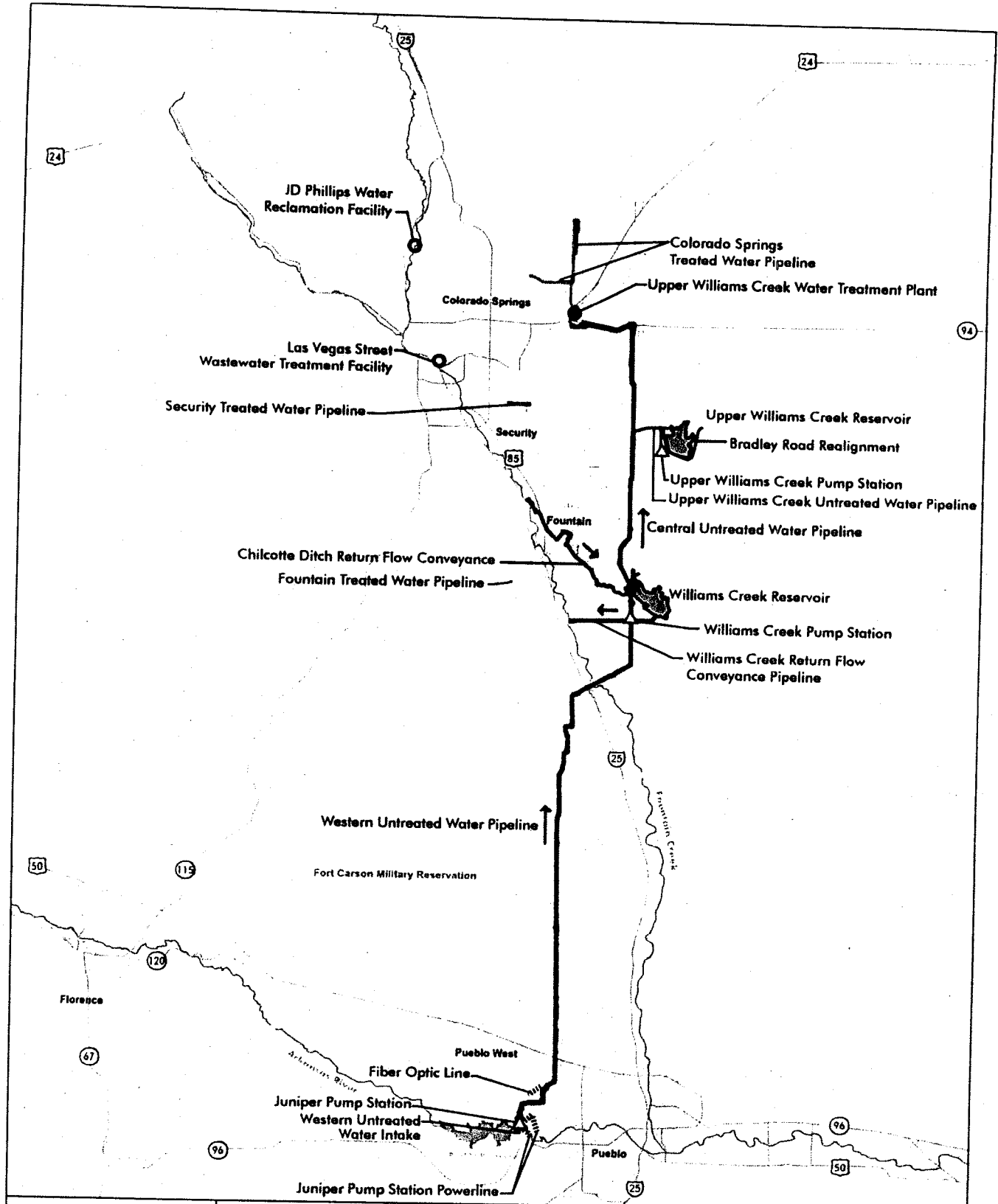
5.20.2010

(DATE)

When the structures or work authorized by this permit are still in existence at the time the property is transferred, the terms and conditions of this permit will continue to be binding on the new owner(s) of the property. To validate the transfer of this permit and the associated liabilities associated with compliance with its terms and conditions, have the transferee sign and date below.

(TRANSFERREE)

(DATE)



Project: Southern Delivery System
 Prepared By: ERO Resources Corp.
 Date: 9/18/08

- Untreated Water Conveyance
- Treated Water Conveyance
- Return Flow Conveyance
- Reservoir
- Powerline
- Pump Station
- Water Treatment Plant
- Wastewater Treatment Plant (Not Part of SDS)



Southern Delivery System
 Action No. SPA-2005-00131-SCO
 Site Map—Pipeline alignment
 Sheet 1 of 3

Legend	
	IMPACT BOUNDARY
	PERMANENT ALIGNMENT
	UTILITY DISCREPANCY
	PERMANENT HABITAT
	GRASSLAND
	SHRUBLAND
	WOODLAND
	WETLANDS AND OTHER BOGGS
	DITCH
	OPEN WATER
	UPLAND
	WETLAND/US
	WMS
	PARCEL BOUNDARY
	SECTION LINES
	ESR WORLD MAPPING



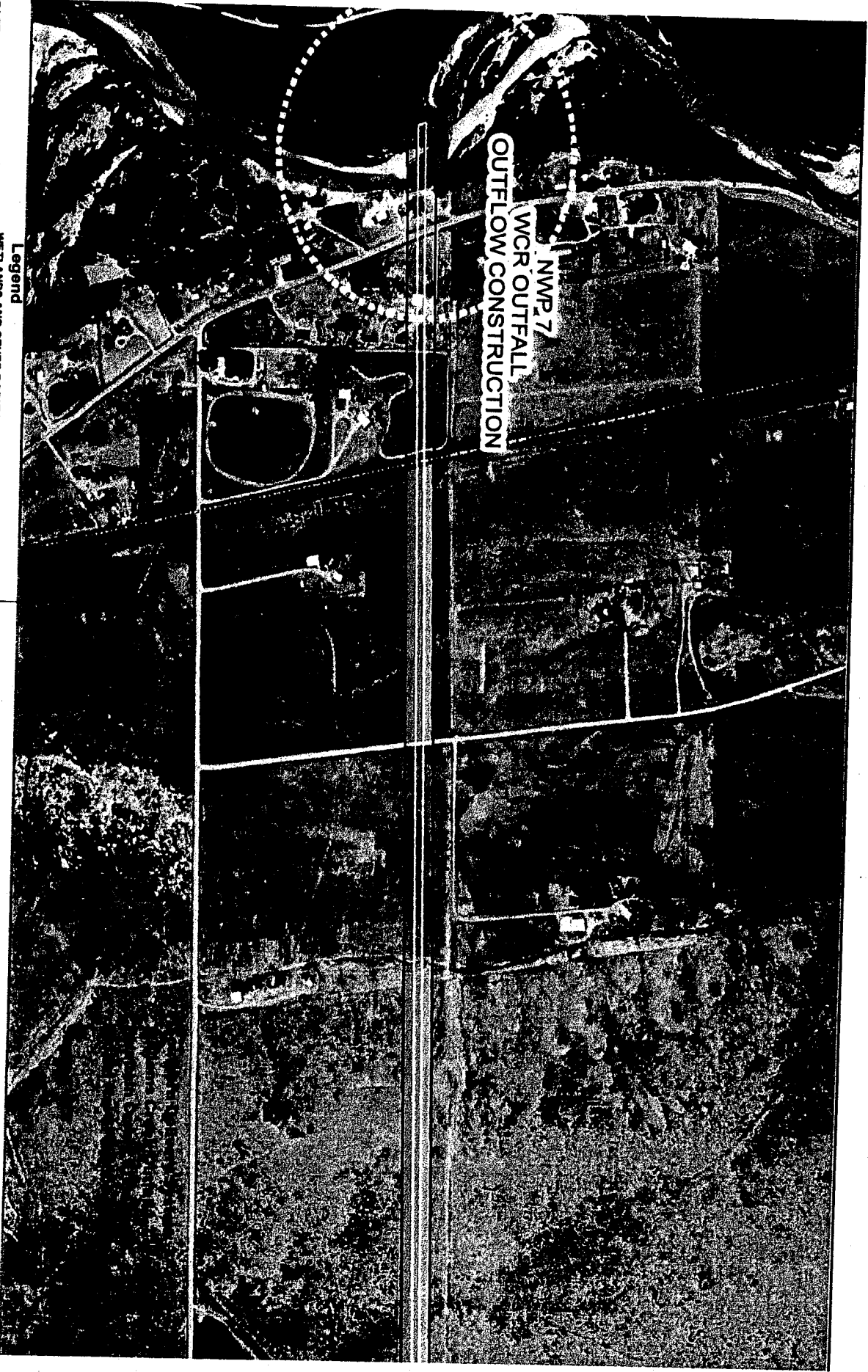
**SOUTHERN DELIVERY SYSTEM
WETLAND SERIES**

Nov 14, 2008



SDS WETLANDS 19

**Southern Delivery System
Chicotte Ditch Intake Structure—Location Map
Action No. SPA-2005-00131-SCO**



NWP 7
WCR OFFFALL
OUTFLOW CONSTRUCTION

- Legend**
- IMPACT**
- UNDOARY
 - PIPELINE ALIGNMENT
 - UTILITY EASEMENT
- RIPARIAN HABITAT**
- GRASSLAND
 - SHRUBLAND
 - WOODLAND
- WETLANDS AND OTHER BODIES**
- DITCH
 - OPEN WATER
 - UPLAND
 - WETLAND/WMS
- WMS**
- PARCEL BOUNDARY
 - SECTION LINES
- ESRI WORLD IMAGERY**

**SOUTHERN DELIVERY SYSTEM
WETLAND SERIES**

Nov 14, 2008

