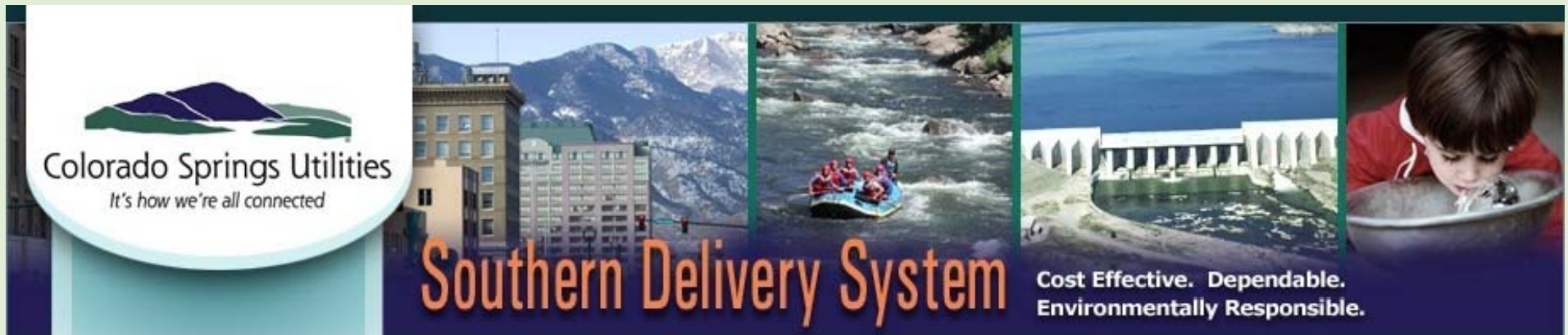


Southern Delivery System

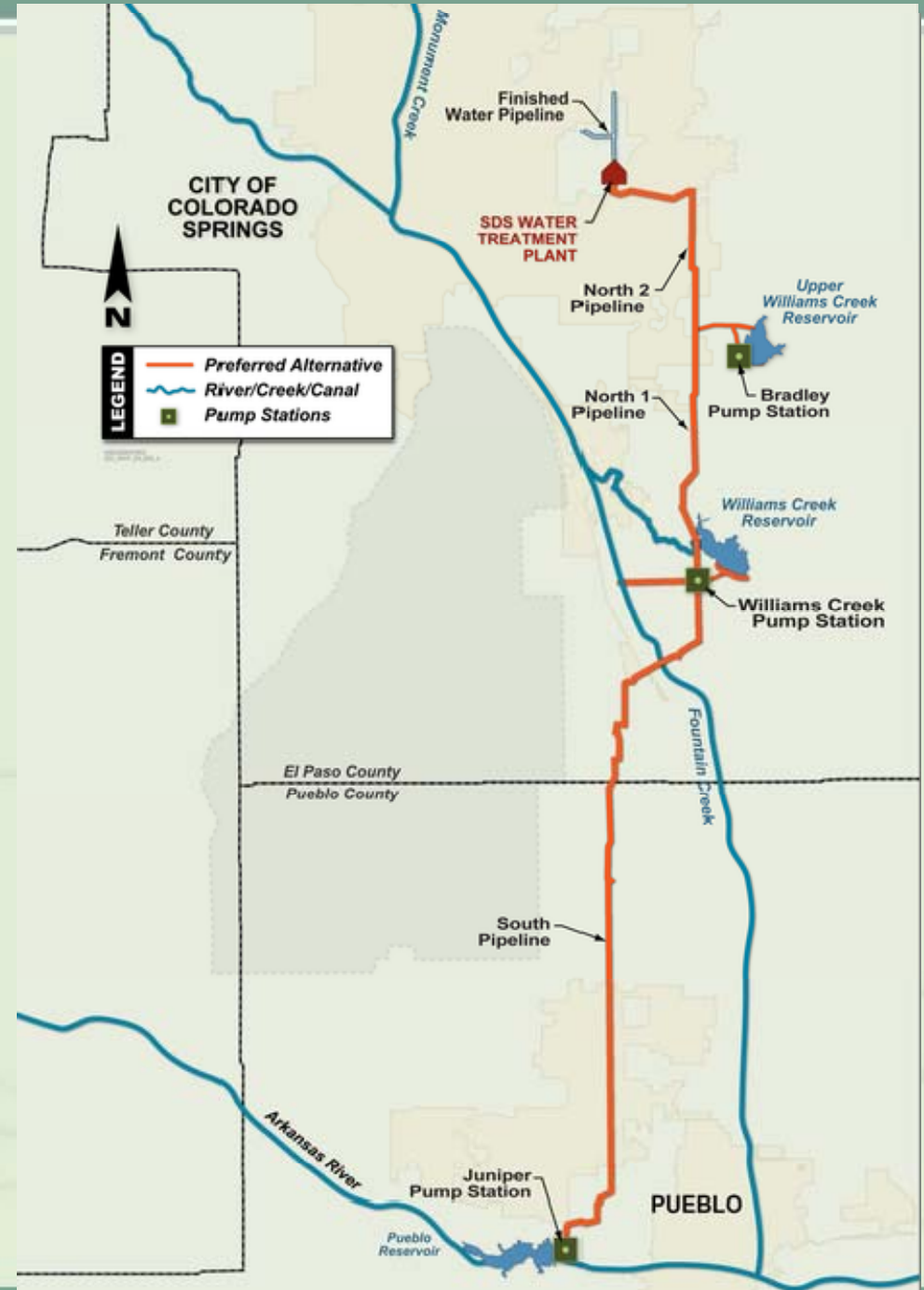











**Colorado Springs Utilities Board
SDS Implementation Plan
July 22, 2009
Jerry Forte, Chief Executive Officer**

- Preferred Alternative
 - Bruce McCormick, Chief Water Services Officer
- Project Components, Cost, Schedule
 - John Fredell, SDS Project Director
- Financing and Rates Impacts
 - Bill Cherrier, Chief Planning & Finance Officer
- Project Partner Comments
 - Larry Patterson, City of Fountain
 - Roy Heald, Security Water District
- Recommendations/Summary
 - Bruce McCormick and Jerry Forte

Right Project

- Benefits of SDS
- Preferred Alternative Advantages:
 - Use of Pueblo Reservoir
 - Higher yield
 - Most cost effective option
 - Operational efficiencies

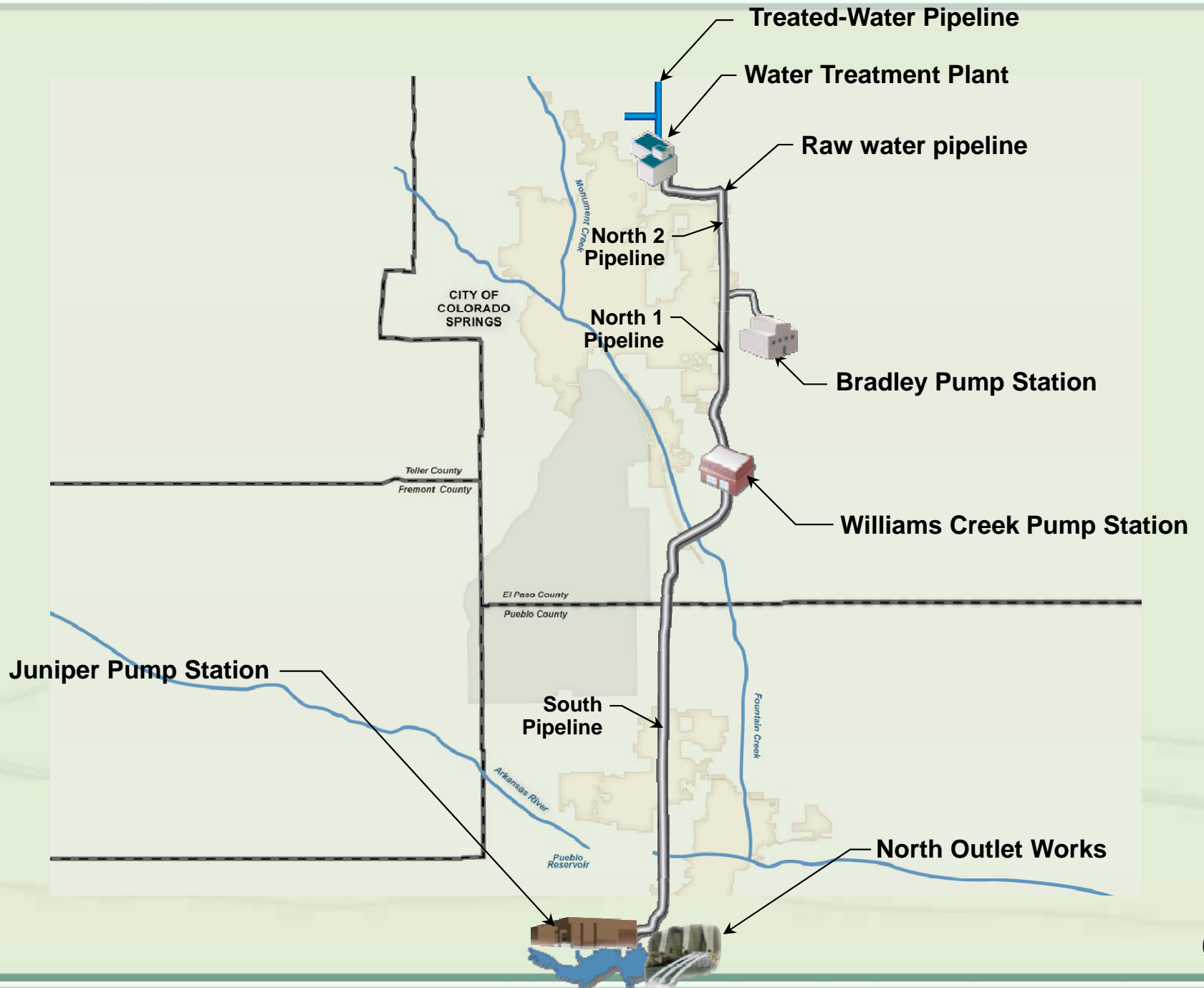


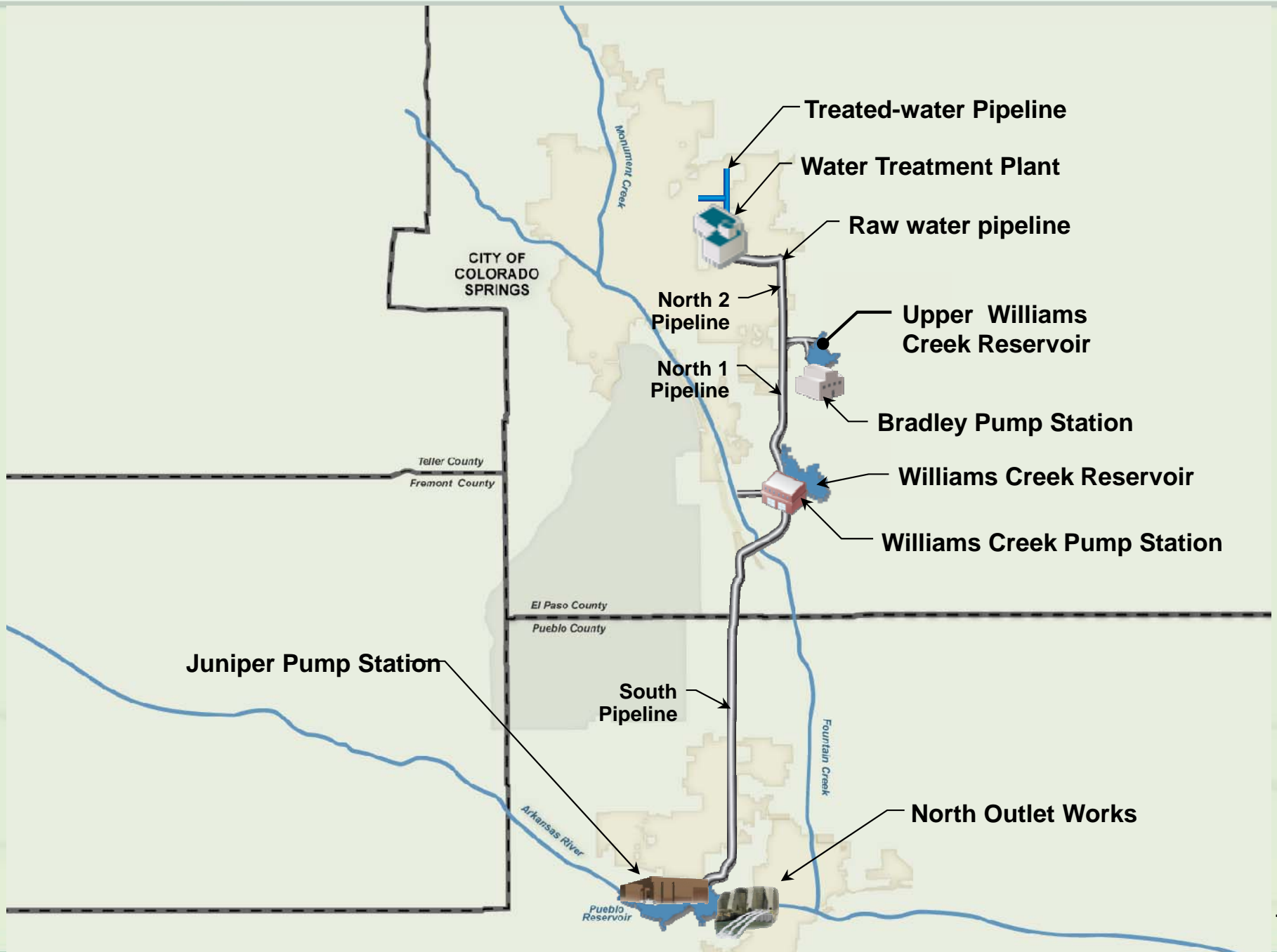
| Item | Preferred Alternative | Highway 115 Alternative |
|-----------------------------------|--|----------------------------|
| Intake | Reservoir  | River |
| Pipeline Length to Customer | 62 miles  | 71 miles |
| Number of Raw Water Pump Stations | 3  | 3 |
| Water Treatment Plant | Enhanced Treatment  | Enhanced Treatment |
| Terminal Storage | Upper Williams Creek Reservoir  | Jimmy Camp Creek Reservoir |
| Firm Yield | 42,400 ac-ft/yr  | 37,900 ac-ft/yr |
| Energy Required (2046) | 671 MWh/d  | 680 MWh/d |
| Implementation Cost | \$880 M  | \$1,070 M |
| Design Definition | 30%  | 5 – 10% |

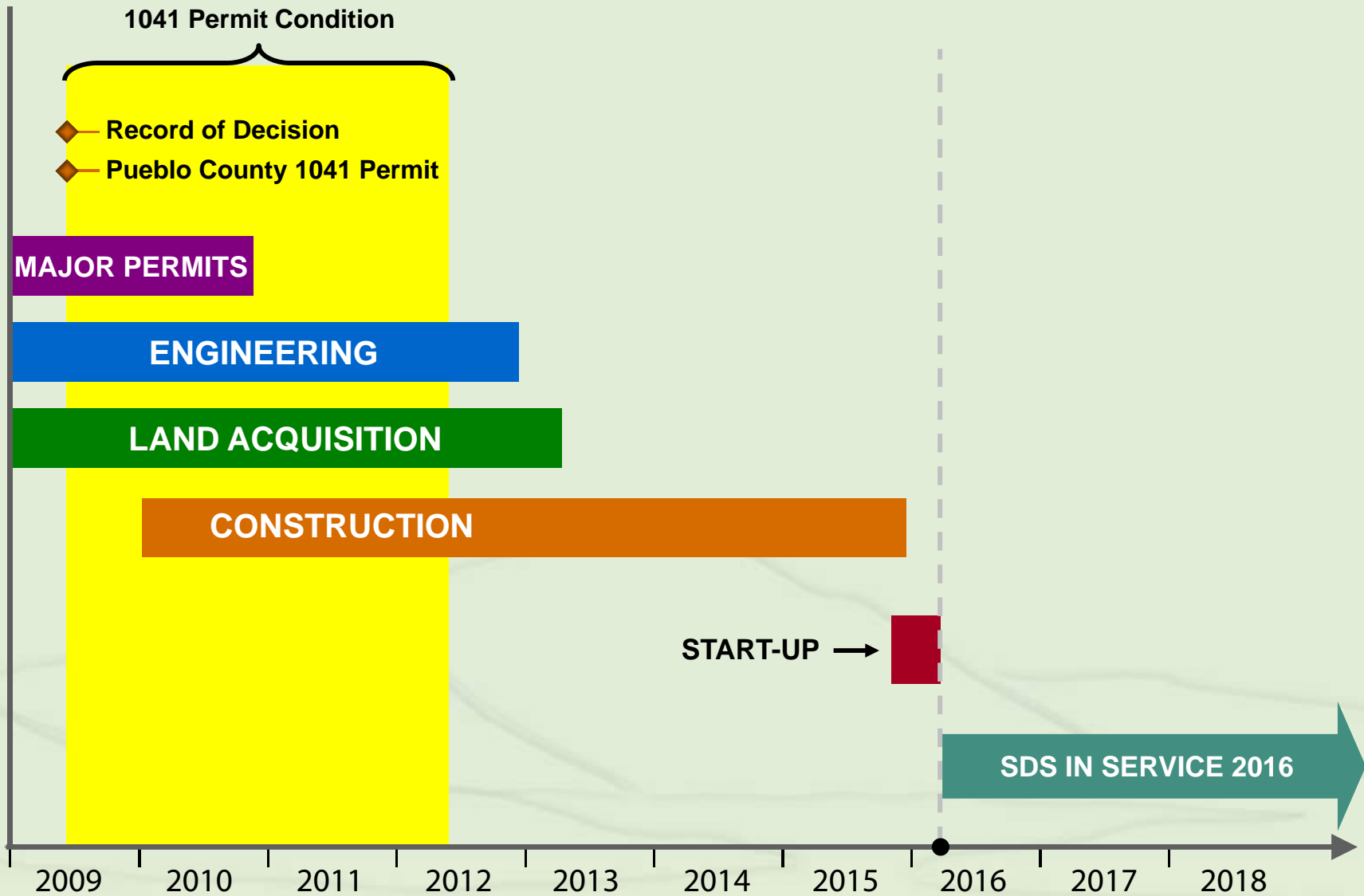
Right Approach

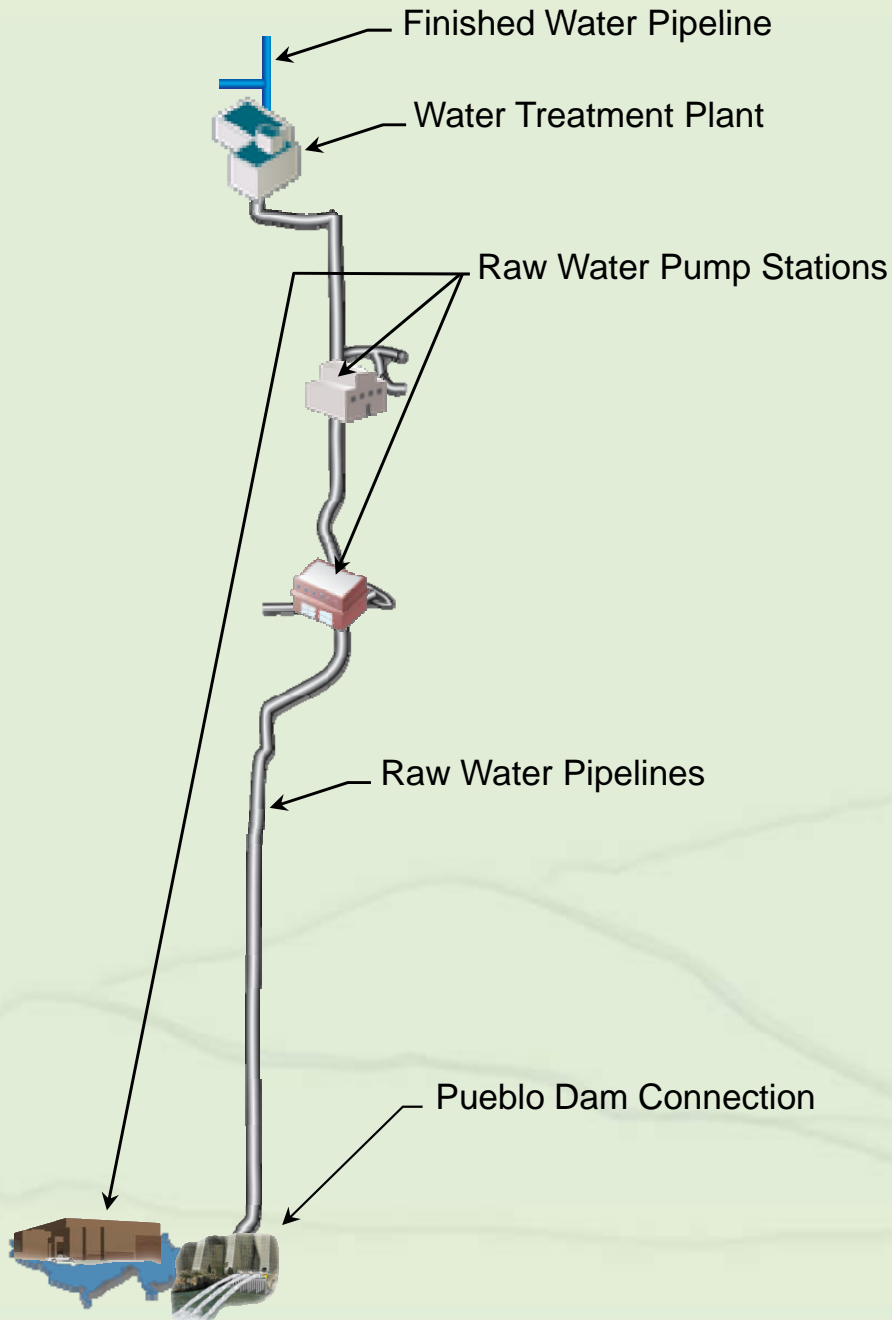
- Risk Analysis
- Value Engineering
- Delivery Plan
- Components
- Schedule
- Cost











| | |
|----------------------------|---------------|
| SDS Core Components | \$761M |
| Permitting | \$26M |
| Land | \$37M |
| 1041 Mitigation | \$56M |

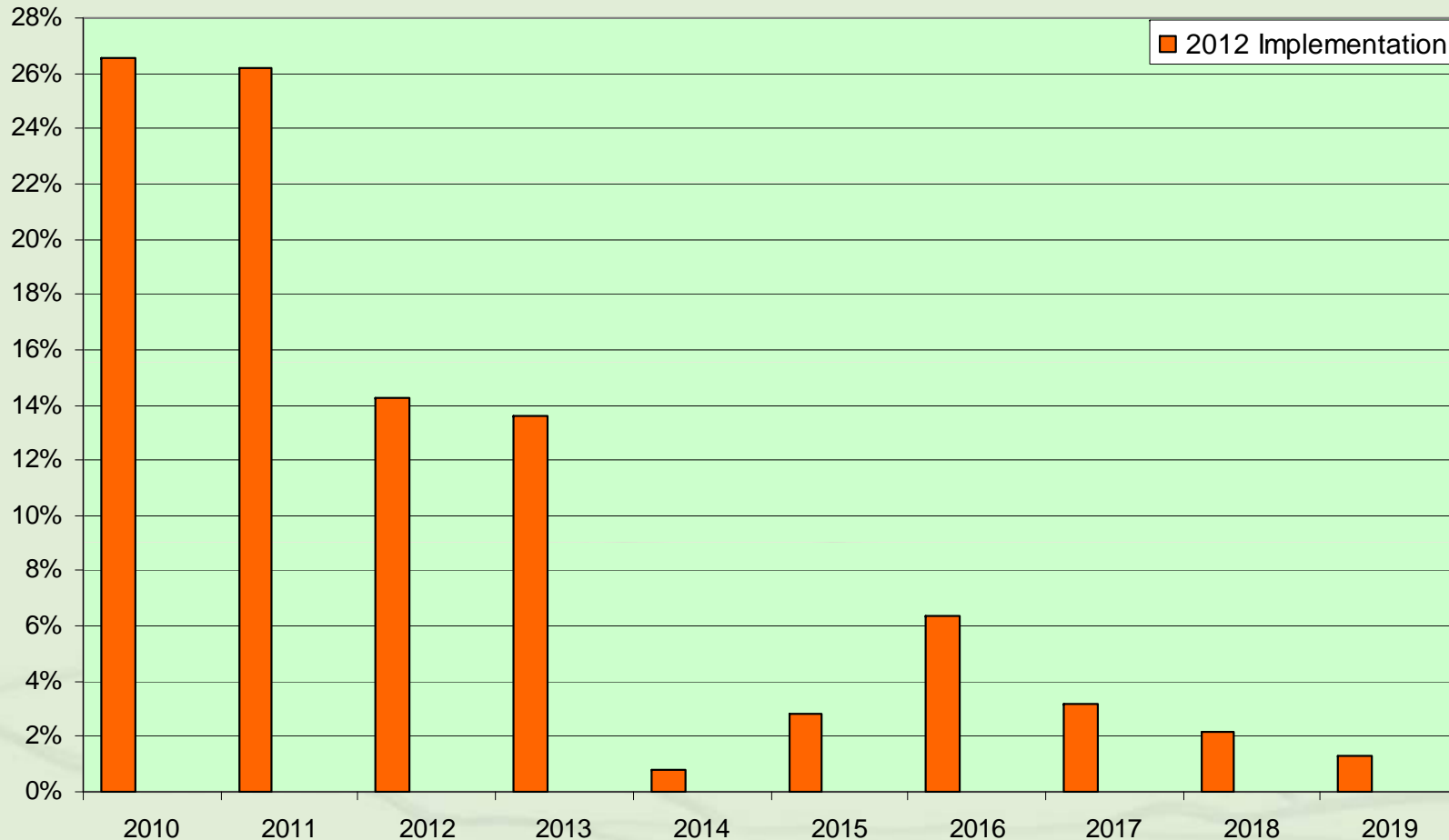
\$880M*

*2009 Dollars

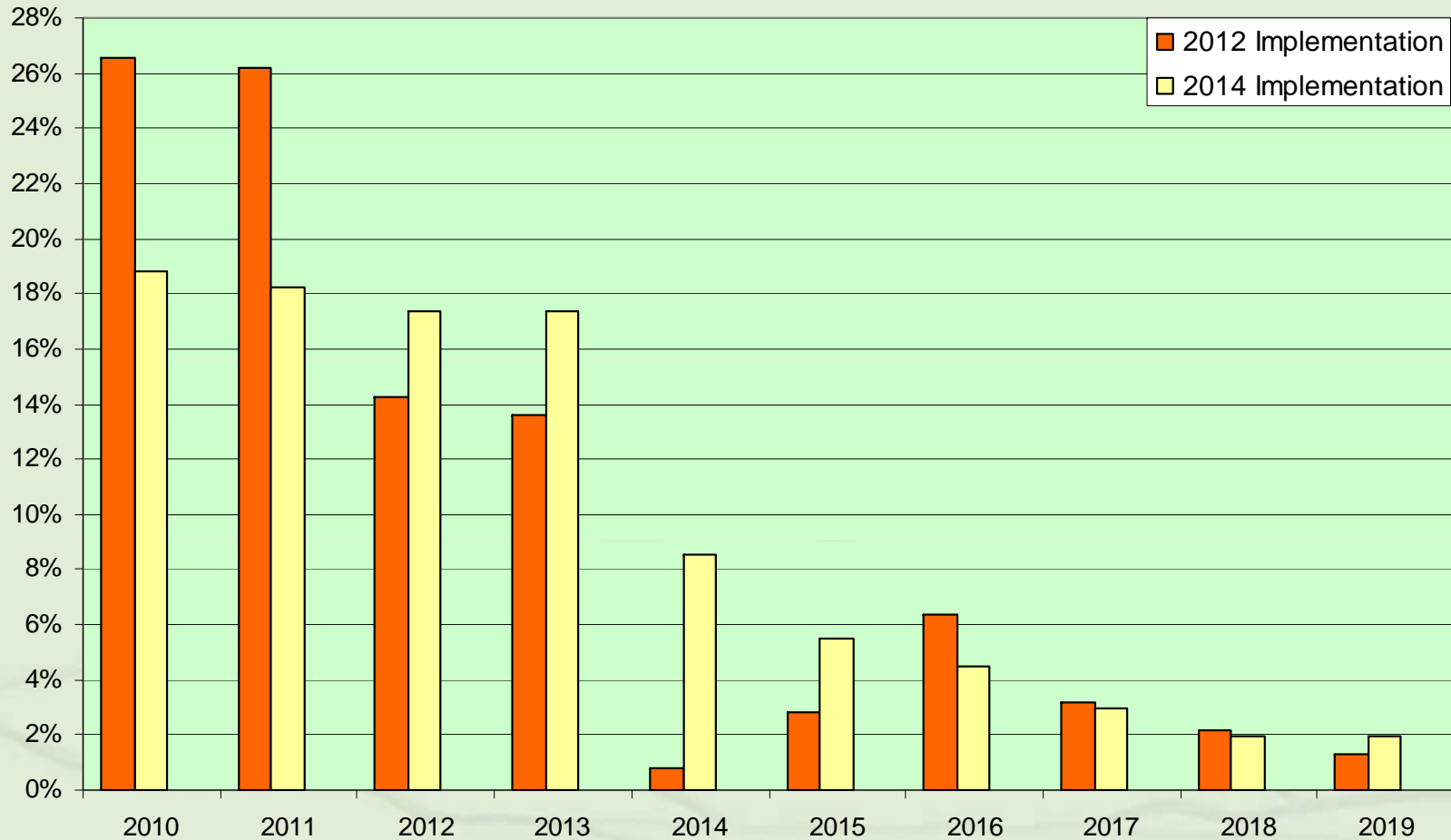
Financial Plan Objectives

- **Fund 2016 implementation plan and continued operation of water system**
- **Implement supporting rate program**
- **Ensure Springs Utilities financial stability**

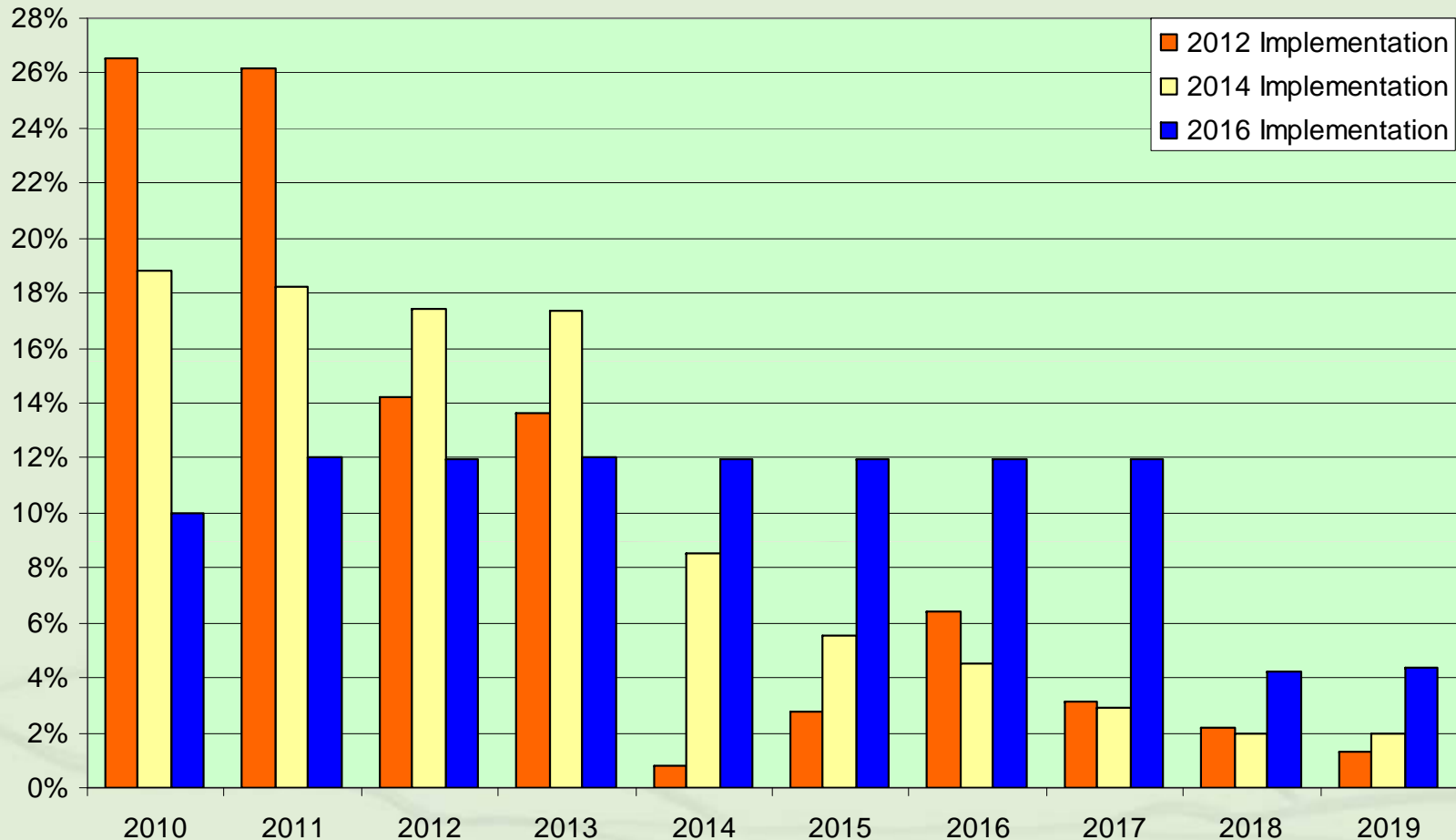
Forecasted Water Rate Adjustments



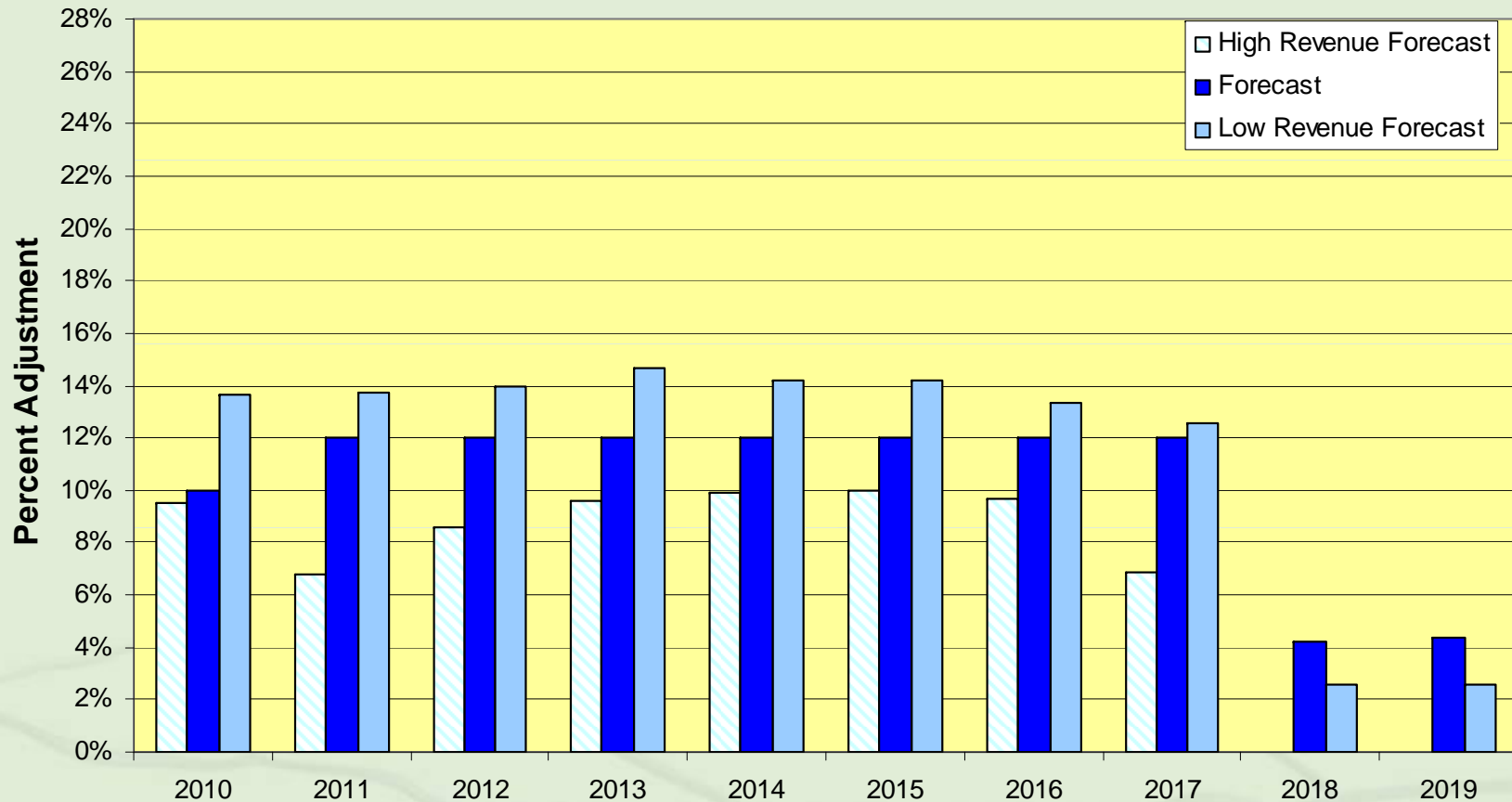
Forecasted Water Rate Adjustments



Forecasted Water Rate Adjustments

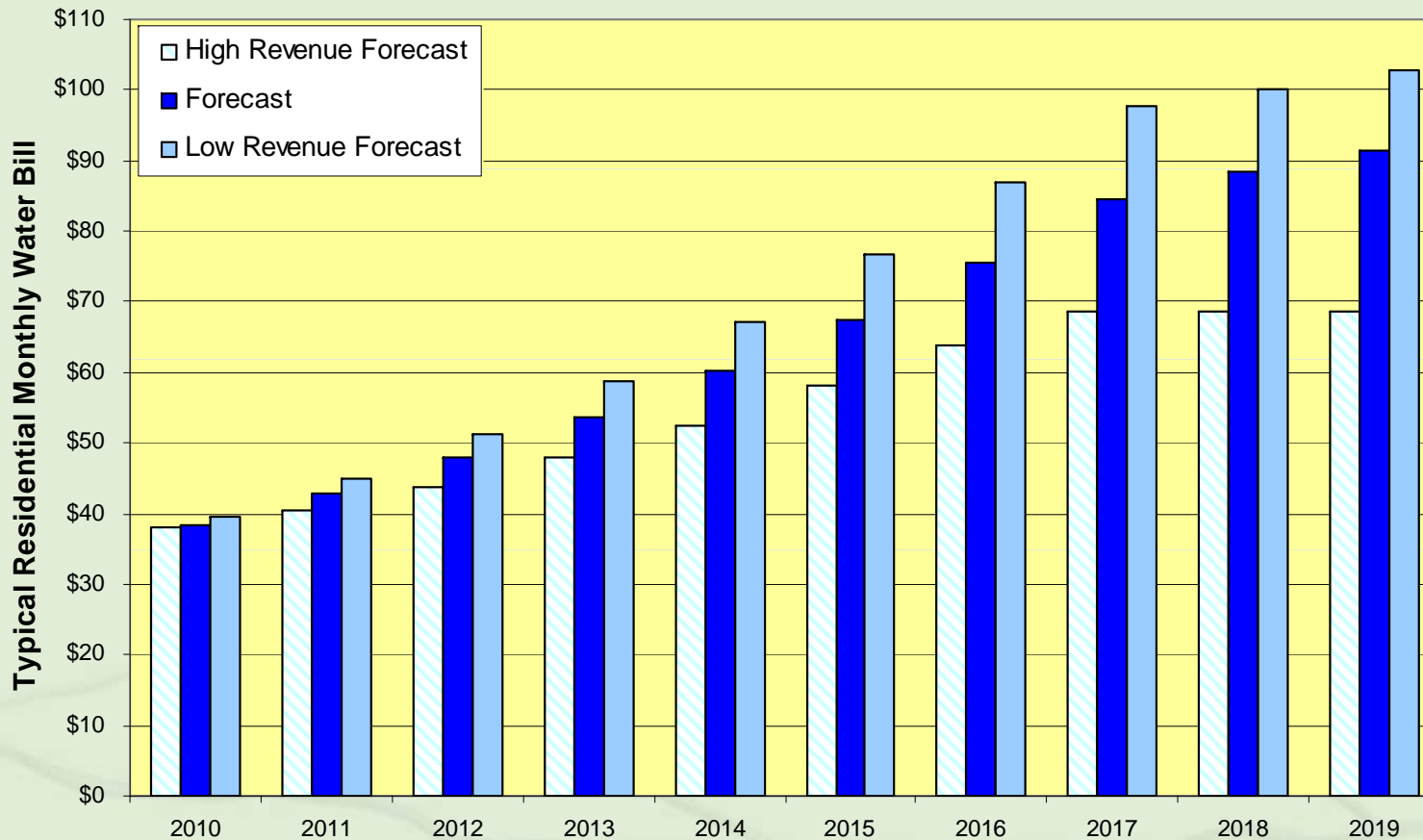


Range of Forecasted Water Rate Adjustments 2016 Implementation



Range of Forecasted Water Rate Adjustments

Typical Residential Monthly Water Bill



Water Rate Affordability

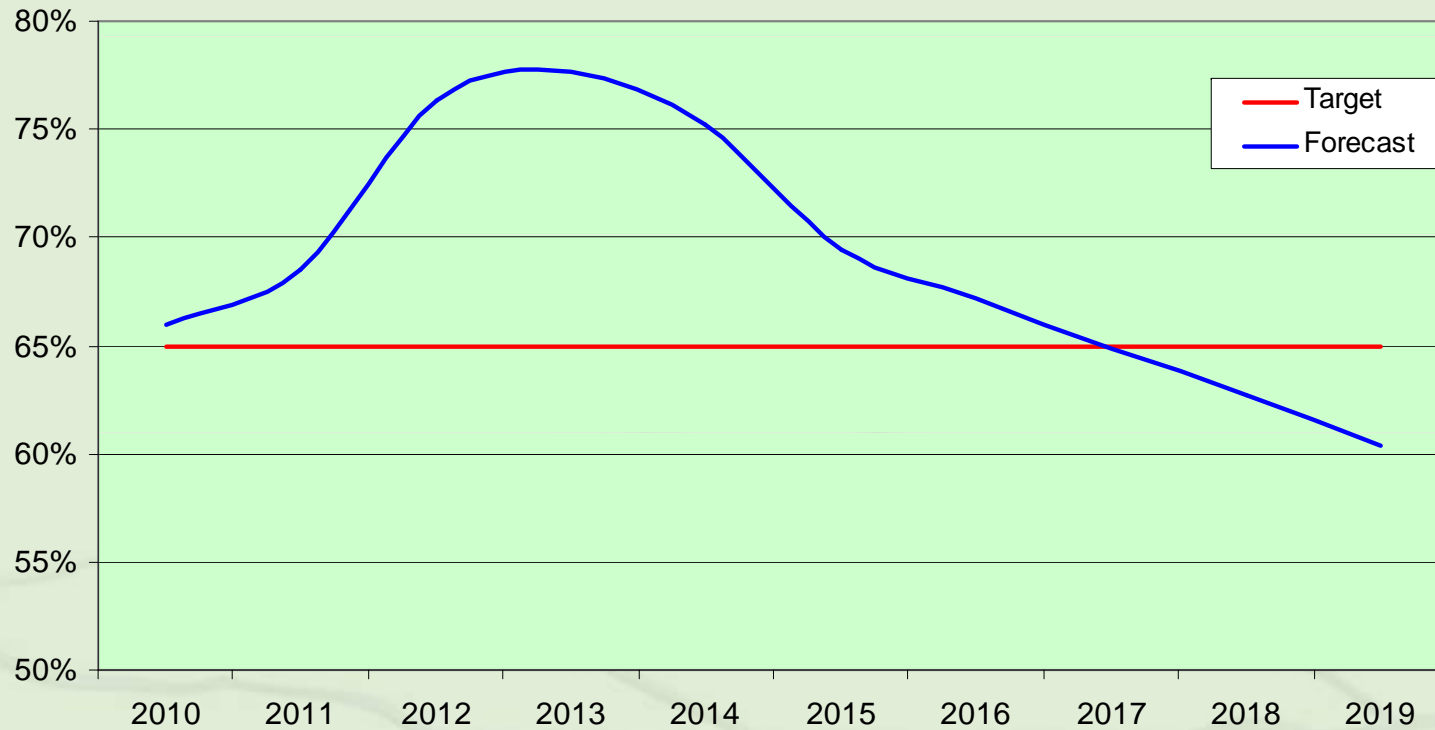
Percentage of Median Household Income (El Paso County)



Financial Ratios

2016 Implementation

Debt Ratio
Water Services



Lower is Better

Financial Strength

– **Rate Program**

- Provides financial stability
- Maintains Bond Ratings
- Approach preferred by rating agencies

– **2016 Implementation**

- Fits within Springs Utilities financial capabilities
- Balances customer impact and reliability

- **Larry Patterson**
 - Director of Utilities,
City of Fountain
- **Roy Heald**
 - General Manager,
Security Water District





- Move forward with Preferred Alternative
- In-service date of 2016
- Develop long-term financing and rate structure

