



LIONEL RIVERA
MAYOR

CITY OF COLORADO SPRINGS

June 6, 2008

Ms. Kara Lamb
U.S. Bureau of Reclamation
Eastern Colorado Area Office
11056 W. County Road 18E
Loveland, CO 80537-9711

Re: Southern Delivery System Draft Environmental Impact Statement

Dear Ms. Lamb:

The Southern Delivery System (SDS) project is critically important to our City. We are duty bound to ensure that our citizens have an adequate, safe and reliable water supply. We also are obligated to ensure that our water supplies are utilized in an environmentally-sensitive and cost-efficient manner. Reclamation's DEIS is an important step toward satisfying both of these important goals.

Clean, dependable water is vital to the future economic viability of our community. We know that it is equally important to the health of our broader region, including our neighboring communities. We understand that our economy and our well being are intertwined with our neighbors. Colorado Springs seeks mutually beneficial solutions for our region.

The City of Colorado Springs fully supports Reclamation's selection of the Participants' Proposed Action as its Initial Preferred Alternative. We want to do what is best for our citizens, of course, but we also want to balance appropriately the important interests of our neighbors. The Participants' Proposed Action will allow our City to continue to provide for the needs of today's residents and future generations. It will allow us to use our existing water rights efficiently, with the great advantage of drawing our supply directly from Pueblo Reservoir at the lowest total project cost and energy requirements. Following are key needs the SDS project meets:

Water for our Future -- The Colorado Springs area is experiencing an annual growth rate of 1.2 percent, and we must have safe, reliable water for our expanding community. Most of our growth comes from the birth of the children and grandchildren of those already living in the region. The Colorado State demographer estimates that 800,000 people will reside in Colorado Springs by 2050. We must ensure these residents have safe water to drink.

As our regional population increases, our existing water delivery systems are increasingly taxed. Colorado Springs is one of the few Front Range cities not located on a major river system, and so we rely heavily on our pipeline delivery systems. This unique circumstance is at the heart of why we need SDS. As our pipeline systems age, we must invest in additional pipeline resources to ensure our citizens have a reliable, safe, and fairly-priced water supply.

SDS uses the participants' existing water rights and will not infringe upon or injure anyone else's water rights.

Military Growth -- El Paso County is home to Fort Carson, Peterson Air Force Base and Air Force Academy. Fort Carson is the second largest employer in the State of Colorado and the largest employer in Colorado Springs. Colorado Springs Utilities supplies Fort Carson's drinking water.

Fort Carson's is expanding substantially, and our City must prepare for and support these arriving troops. According to the Pikes Peak Area Council of Governments Fort Carson draft regional growth plan, in 2007 Fort Carson was estimated to have about 12,600 military personnel, with about 23,000 dependents living in the region. Under the "Expected Growth Scenario" in the draft growth plan, by 2011 an expected "total population growth associated with the troop increase at Fort Carson is expected to be roughly 33,800, consisting of approximately 11,400 newly authorized troops, 21,300 military dependents, 430 civilians, and 690 civilian dependents" which would bring the total to about 60,000 troops and dependents. Based on recent announcements from the Department of the Army, that composite number is expected to total to as much as 75,000 by 2013.

Our communities welcome the opportunity to serve so many great Americans, and while Fort Carson should be commended for doing their part to responsibly manage resources, we must ensure an adequate water supply is available for our men and women in the Armed Forces and their families. Colorado Springs must have a safe, efficient, reliable water system large enough to meet their needs. SDS will help Colorado Springs to supply water to our military personnel as they protect our country.

Conservation and Reuse of Wastewater -- Colorado Springs has strongly encouraged water conservation and wastewater reuse as two strategies that will help to build our water supply system through 2050. We are very proud that Colorado Springs, of all the Front Range cities in Colorado, has the lowest single-family per capita residential water use. Through conservation, the citizens of Colorado Springs are projected to save 30 billion gallons of water by 2017, approximately 7.5 percent of our forecast demand. Similarly, Colorado Springs has been a pioneer in the reuse of water, and our reuse certainly will increase in the future. However, conservation and reuse alone will not meet our projected demand for water.

Investment in the Fryingpan Arkansas Project -- SDS provides to our citizens a very valuable return upon their ongoing investment in the Fryingpan Arkansas Project. The Southern Delivery System — through the Proposed Action — will use many parts of the Fryingpan Arkansas Project. These include use of excess capacity storage space in Pueblo Reservoir, conveyance through the Pueblo Dam outlet works, and various water exchanges.

The annual maintenance and operation costs of the Fryingpan Arkansas Project are funded largely by the citizens of El Paso County, through the Southeastern Colorado Water Conservancy District. El Paso County has been a member of the District since 1965. The citizens of El Paso County — where three of our four project participants are located and many of the beneficiaries of the Southern Delivery System live — pay 73 percent of the property tax revenues that help fund the Fryingpan Arkansas Project. This totals more than \$65 million to date.

Keeping Water Rates Affordable -- The water users who will benefit directly from SDS, including families in Colorado Springs, Security, Fountain and Pueblo West, will bear the cost of this necessary project. Because individual citizens will pay for this investment, it is imperative for Reclamation to

approve a Record of Decision that ensures ratepayer monies are spent prudently and efficiently and ratepayer costs are as low as possible.

Of the seven alternatives examined in the DEIS, the Downstream Intake Alternative fails the cost-screening criteria used by Reclamation. This alternative should not be selected by Reclamation since this alternative is not cost effective for our residents.

As the least costly alternative, the Proposed Action is the most fiscally responsible alternative option for our customers. The additional water delivery infrastructure and the storage contracts in Pueblo Reservoir are vital to operate SDS. Without the Southern Delivery System, our most likely future would involve building the No Action alternative. Because this option does not include contracts with Reclamation for storage in Pueblo Reservoir, it would limit our ability to maximize our community's significant investments – more than \$65 million – in the Fryingpan-Arkansas Project. According to the DEIS, the No Action alternative would lead to water rates increasing 13 percent more than the Proposed Action by 2015. It is also probable in the long-term that Colorado Springs will be required to rely on limited, non-renewable Denver Basin ground water resources if we are forced to build the No Action alternative. Colorado Springs will need to increase water rates with or without SDS. Yet, of the seven alternatives examined in the DEIS, the Proposed Action will have the lowest overall rate increases while providing for Colorado Springs' current and future needs.

Protecting Fountain Creek -- Colorado Springs is committed to, and heavily invested in, protecting Fountain Creek. Colorado Springs has acted aggressively to resolve past problems with Fountain Creek. We participate in regional cooperative efforts to protect Fountain Creek, including the Fountain Creek Vision Task Force and co-funding the Fountain Creek Corridor Master Plan with the Lower Arkansas Water Conservancy District. Colorado Springs has invested more than \$100 million for wastewater collection systems, \$40 million to upgrade to the Las Vegas Wastewater Treatment Plant, \$80 million on the JD Phillips Plant and a \$10 million commitment for the Fountain Creek Recovery Project. By 2025, Colorado Springs will have invested \$250 million in our wastewater system over the preceding 20 years.

SDS alternatives that discharge water into Fountain Creek will increase water flowing down the creek, but not enough to increase the risk of flooding. The flooding that occurs along the creek comes from the runoff during major storms. The Colorado Springs City Storm Water Enterprise is aimed specifically at improving the city's ability to control stormwater runoff.

Some have suggested Reclamation include flood control along Fountain Creek. As the DEIS shows, flooding along Fountain Creek stems from issues unrelated to the SDS.

The DEIS also concluded that water quality in the creek will not be adversely impacted. In fact, some additional water in the creek is considered beneficial because it dilutes compounds naturally found in the creek, such as naturally occurring salts and selenium.

Energy Consumption and Climate Change – While Colorado Springs keeps infrastructure costs as low as possible for our ratepayers, we also pride ourselves on being a good municipal neighbor and a responsible steward of the environment. Our City also understands the need to keep our environmental footprint as small as possible. These two goals correspond directly to the Bureau of Reclamation's

statutory mission to “manage, develop and protect water and related resources in an environmentally and economically sound manner in the interest of the American public.”

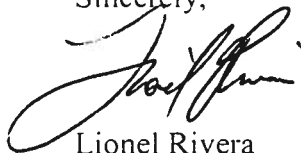
Our City is concerned about energy consumption, and we take action to reduce it. The Proposed Action for the SDS does not use as much power as other alternatives. It has an estimated total power usage through 2046 of 6,046 gigawatt-hours, and estimated energy consumption for 2046 of 683 megawatt hours per day. By comparison, the Downstream Intake Alternative’s estimated 2046 daily power consumption is more than double the Proposed Action — expending 1,419 megawatt hours per day.

In this regard, the Downstream Intake Alternative fails to meet Reclamation’s cost-screening analysis. It also leaves a larger environmental footprint for our children. The Downstream Intake Alternative’s capital construction cost is \$200 million more than the Proposed Action and the operation and maintenance costs for the Downstream Intake Alternative are \$500 million more than the Proposed Action Alternative. The Downstream Intake Alternative would use twice as much electrical power as the preferred action to deliver the same amount of water. Its reverse osmosis process would generate 270,000 additional tons of CO₂ emissions per year, and would create brine residuals in the amount of about 7,500 cubic yards annually. This corresponds to two truckloads per day which would need to be shipped and disposed of at a permitted disposal site.

Colorado Springs supports the Participants’ Proposed Action as the best means to meet our water delivery and storage need throughout 2050. The Proposed Action will help ensure we have sufficient water resources to support our expanding military bases in the region. It has the lowest overall project costs and causes the fewest environmental impacts. It provides additional storage capacity for additional drought protection. The Proposed Action will not compete with other communities who are reliant on Denver Basin ground water for their drinking water. It is important for the SDS project to move forward to provide a cost effective, operationally efficient, environmentally responsible and dependable source of water supply.

Thank you again for the opportunity to provide you our feedback.

Sincerely,



Lionel Rivera
Mayor, City of Colorado Springs