

August 30, 2006

Stephanie Roller Bruner

Engineering Technician I

Summit County Engineering Department

County Commons

P.O. Box 5660

0037 SCR 1005

Frisco , CO 80443

**Re: Summit County Building Permit Review
concerning [add reference to specific application] (the
“Application”)**

Dear Ms. Bruner:

As you are aware, through an interim arrangement between Springs Utilities and Summit County , building permit applications for properties located near Springs Utilities raw water infrastructure, including the Application, have been referred to Springs Utilities. The purpose of this arrangement is to notify Springs Utilities of development activity that could potentially impact its raw water system operations, so that it may provide comments to the County.

At this point, neither Springs Utilities nor the County has developed any referral or other criteria for use by Springs Utilities in considering referred applications or in providing comments concerning them, and the County has not designated Springs Utilities as a referral agency. Consequently, Springs Utilities’ comments in this letter are informal, and are intended merely to apprise the County of its interests and concerns. Nothing in the interim agreement between Springs Utilities and the County, or in this letter, is intended, or should be understood as, an agreement or commitment of any type by Springs Utilities with respect to the Application or any other development activity. In addition, nothing in the interim agreement, or in this letter, constitutes or is intended or should be understood to constitute or effect a waiver or release with respect to Springs Utilities’ rights, claims or interests, all of which are fully reserved.

Development is occurring, or planned to occur, in Quandary Village Filing Nos. 1 and 2, Alpine Breckenridge Subdivision No. 2, and the Sawlog and Wonderful Placer Subdivisions. The Application concerns [**describe property and subdivision---e.g., Lot 20 in Quandary Village Filing No. 1**] For some time, Springs Utilities has raised substantial concerns regarding development in the area of these subdivisions, including potential hazards to safety and property

due to slope instability and related conditions, as well as damage to Springs Utilities' infrastructure and its decreed water rights. To assess these concerns, Springs Utilities has commissioned a study by Black & Veatch Engineering to more thoroughly analyze and understand the potential impacts these developments could have on the topography and associated conditions in the area, and Springs Utilities' property and related interests. While we anticipate this study will be completed within several weeks, to date we do not have the technical information needed to provide detailed comments with respect to specific permit applications. However, we remain concerned about the potential impacts of development in the referenced areas, including the development contemplated by the Application. Our concerns include the following:

Ø The areas appear to be geologically unstable and have a history of landslides, particularly in disturbed areas. For example, following construction activities in 1997, a substantial mudslide originating above Springs Utilities' water infrastructure occurred, blocking the entrance to the Hoosier Tunnel and burying Springs Utilities' raw water collection pipeline. Springs Utilities was burdened with the effort and cost to clear the debris following the landslide. Springs Utilities will not bear such burdens in the future, and will look to responsible persons to reimburse it for all costs and damages incurred as a result of activities which injure or impair its facilities, or its access to its facilities.

Ø Construction activities in the areas---excavation, diversion, fill and other building activities---have disrupted natural drainage courses and flow regimes. Since Springs Utilities' decreed water rights include the right to collect runoff from those drainages and flows, Springs Utilities has significant concerns regarding potential injury to its decreed water rights. Springs Utilities is also concerned that its water rights may be injured by the installation and use of residential wells and/or residential septic systems through affects on groundwater and associated flows. Spring Utilities' water rights are quite valuable and are essential to its function and the services it provides its customers. Springs Utilities will vigorously pursue all of this rights and remedies with respect to any and all persons whose activities damage, or threaten to damage, its water rights.

Ø The development contemplated by the Application may require use of the road constructed by Springs Utilities on its pipeline easement, or may lead to increased use of the road. Springs Utilities acquired its easement many years before Quandary Village Filing No. 1 was recorded. The road on the easement was built by Springs Utilities before the Filing was recorded for the limited purpose of providing access to its pipeline, diversion and related facilities, and was not designed for, and has not been subject to, more protracted and intense uses, such as those associated with heavy duty construction equipment or residential vehicular traffic. Although the Filing appears to have dedicated a public road in the approximate location of Springs Utilities' easement (CR 805), the County has, to the best of our knowledge, never maintained the road, nor has it studied the road's structural characteristics or its capacity to handle the sort of traffic associated with development and residential uses. Consequently, it is unknown whether the road can sustain such uses, particularly during periods when it is saturated from runoff or precipitation. As the County also knows, a 36-inch cast iron pipeline that conveys flows of approximately 70

cubic feet per second (cfs) runs under and adjacent to the road. Given its age, burial depth, and lack of structural support, the pipeline could easily crack or rupture if crossed by a vehicle of substantial weight. If pipeline failure were to occur, the resulting release of water could cause substantial, and potentially catastrophic, damage to properties and areas downhill from the pipeline, and might also cause damage to uphill areas. In sum, to the extent the Application contemplates or may lead to use of the road, Springs Utilities is concerned that such activity could damage the road or the pipeline. Spring Utilities will accept no responsibility for any losses or injuries resulting from such damage, and will pursue all of its rights and remedies against any and all persons whose activities cause or contribute, or threaten to cause or contribute, to any damage to the road or the pipeline.

We will supplement this letter as and when additional relevant information becomes available through our pending study. At this time, and for the reasons stated above and discussed with the County, Springs Utilities believes the County should place a moratorium on, or otherwise delay, granting permits in the affected areas until the concerns we have raised can be properly assessed and addressed.

Please do not hesitate contacting me if you have any questions.

Best regards,

Jackie Chambers

Colorado Springs Utilities