



Colorado Springs Utilities

*It's how we're all connected*

October 23, 2017

Darryl Glenn, President  
El Paso County Commissioner District #1  
200 South Cascade Avenue, Suite 100  
Colorado Springs, CO 80903

**RE: Colorado Springs Utilities Letter of Conditional Support for the Proposed Rail-Served Industrial Park**

Dear President Glenn:

Please accept this letter of conditional support regarding the proposed Rail-Served Industrial Park (Industrial Park) being considered for the land adjacent to the Colorado Springs Utilities (CSU) Clear Spring Ranch/Ray Nixon Power Plant and Ft. Carson properties, known as the Christian Ranch. The Christian Ranch area is primarily owned by Edward C. Levy Co. d/b/a Schmidt Construction Inc.

The Industrial Park project is being led by CameronButcher with participation from El Paso County, City of Colorado Springs, City of Fountain, and Edward C. Levy, with additional support from the Colorado Springs Chamber and Economic Development Corporation. The Industrial Park has requested permission to use CSU rail spurs currently serving the Nixon Power Plant on the Clear Spring Ranch property (to include Fountain Valley Authority (FVA) facilities and operations), to connect to the Union Pacific Railroad (UP) and BNSF main lines. CSU supports continued due diligence for the Industrial Park project, subject to the conditions described below.

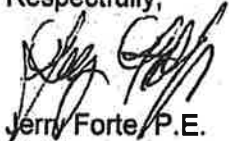
Conditions:

1. No subsidy will be provided by CSU or its ratepayers in furtherance of the Industrial Park.
2. Future Industrial Park rail activity shall not impinge on the operational or security needs of CSU's Clear Spring Ranch property, including the Ray Nixon Power Plant. CSU has identified a number of utility infrastructure and operational conflicts with the proposed configuration and CSU and FVA facilities and operations included in the Industrial Park project's Proof of Concept Report that must be addressed.
3. Industrial Park activity and use of CSU rail spurs will not impair or increase the cost of future operations, use, expansion, and development of Clear Spring Ranch, and will not increase security risks to CSU in light of increasingly rigorous regulatory requirements.
4. The Industrial Park shall consider alternative locations, in the next feasibility phase, for rail spur connections to the railway main lines that eliminate or limit potential impacts to operations on Clear Spring Ranch.
5. Any use of Clear Spring Ranch or CSU rail spurs will be subject to negotiated agreements that ensure the protection of CSU and FVA ratepayer funds, property, and operations. Such agreements will require Industrial Park responsibility for shared maintenance costs and financial assurances for any financial commitments.

6. Use of CSU rail spurs will be subject to successful modification of CSU industry track agreements with BNSF Railway and Union Pacific.
7. Any use of or transfer of interest in Clear Spring Ranch for the Industrial Park will be subject to all requirements of the City Charter and Code of Ordinances for the City of Colorado Springs.
8. CSU must have a clear understanding of the operational and governance structure of the Industrial Park.

With the impending closure of the Martin Drake Power Plant, protecting current and future operations and expansions at the Clear Spring Ranch site is paramount, as this site will become CSU's single location for base-load electric generation. Despite the above concerns, CSU appreciates the complexity involved in a project of this nature, and supports continued efforts to identify a mutually-acceptable solution. To that end, please accept CSU's concurrence to advance due diligence for this project in accord with the above-mentioned conditions.

Respectfully,



Jerry Forte, P.E.  
Chief Executive Officer