



2015 Annual Report

**Nestlé Waters North America Inc.
Chaffee County 1041 Permit**

**Submitted
March 1, 2016**

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EXHIBIT 1 – NWNA 2015 Bighorn Springs Grazing Management Plan

EXHIBIT 2 – NWNA 2015 Ruby Mountain Springs Annual Monitoring Report

EXHIBIT 3 – NWNA 2015 Surface Water and Groundwater Monitoring Report,
Chaffee County, Colorado

EXHIBIT 4 – NWNA 2015 Bighorn Springs Wetlands Monitoring Report

EXHIBIT 5 – NWNA's 2015 Summary Trucking Operations

EXHIBIT 6 – NWNA's 2015 Annual Accounting Report Regarding Well Pumping
Operations and Augmentation Releases

EXHIBIT 7 – CDWR Approval Letter of NWNA's 2015 Substitute Water Supply Plan

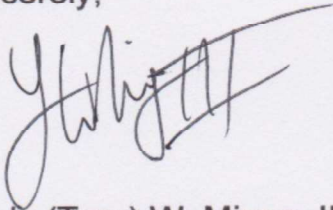
EXHIBIT 8 – Nestle's 2015 Accounting of the City of Aurora and Upper Arkansas
Water Conservancy District Supply and Demands

EXHIBIT 9 – Legal Documents Related to UAWCD's Augmentation of NWNA's
Production Wells in 2015

CERTIFICATION OF ANNUAL REPORT

NWNA is pleased to submit its 1041 Permit Annual Report for 2015 to Chaffee County, and by signing below, I certify that the information contained herein represents NWNA's activities in Chaffee County and demonstrates NWNA's compliance with its Permits in 2015. If the County needs clarification of the information presented herein, or additional information to meet compliance with the 1041 Permit Condition for Annual Reporting, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Mixon III', with a stylized flourish extending from the end.

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1.0 INTRODUCTION

Nestle Waters North America (NWNA) applied to Chaffee County (County) for a 1041 Permit and Special Land Use Permit (Permits) in November 2008 to construct and operate a spring water withdrawal and transport project (Project) at the Ruby Mountain Springs in Chaffee County. The County granted approval of NWNA's Permits on September 23, 2009. In accordance with Section 4.8 of the 1041 Permit, NWNA must submit an Annual Report to Chaffee County regarding its compliance with its Permits as well as its operations and activities in Chaffee County.

This report covers NWNA's operations and activities from January 1 through December 31, 2015, (Report Period). For continuity, this 2015 Annual Report may contain information addressing NWNA's compliance with all requirements specified in the Permits for the Reporting Period as well as up through the date of this report.

2.0 COMPLIANCE WITH 1041 PERMIT CONDITIONS

NWNA presents this annual report in accordance with recommendations of County staff made in the review letter dated April 7, 2010. NWNA's 2015 activities and compliance with 1041 permit conditions are presented subsequently being organized by condition number (e.g. Section 4.1) as presented in Chaffee County Resolution 2009-42 and as amended by Resolution 2010-20, and Resolution 2013-35.

2.4.1 Scope of Permit

Condition is County proviso. No submittal is required.

2.4.2 Technical Revision or Permit Amendment

According to NWNA's 1041 Permit Section 5.1, NWNA may seek and be granted by the County Technical Revisions to its Permits and permit conditions if certain provisions in permit Section 5 are met. Additionally, according to Section 5.2 NWNA may seek and be granted by the County an amendment to its Permits if provisions within Section 5 are met. NWNA has applied for 12 Technical Revisions and received approval for 11 Technical Revisions to date. NWNA has also received 2 Permit Amendments subsequent to initial issuance of NWNA's Permits granted by Resolutions 2009-42 and 2009-43.

NWNA has received the following Technical Revisions:

TR#1: Truck Loading Facility (TLF) – Office Space and Parking Space

NWNA applied for modification of the floor-plan of the TLF to provide an office space for a locally-based NWNA employee and associated on-site parking.

The County approved this Technical Revision on November 3, 2009. The TLF was constructed in accordance with this revision.

TR#2: Pipeline Size Reduction and Pipeline Realignment

NWNA applied for reduction of its water transmission pipeline from 8" (O.D.) to 6" (O.D.) based on final engineering calculations. NWNA also requested minor realignments of the pipeline along some segments between the Ruby Mountain

Springs Parcel and the TLF because: (1) the Project no longer included pumping at the Bighorn Springs; and (2) the pipeline would be afforded more protection within easements on private property as opposed to within County Road Right of Way (ROW) and within the Union Pacific Railroad ROW.

The County approved this Technical Revision on February 23, 2010. The pipeline was constructed in accordance with this revision.

TR#3: Pipeline Realignment on Gunsmoke Property

NWNA applied for a minor realignment of its pipeline on the Gunsmoke property to accommodate the realignment of NWNA's pipeline due to the alternate river crossing alignment, the addition of the Town of Buena Vista's water main at the river crossing, and to minimize impact to the private owner's commercial utility of the Gunsmoke property.

The County approved this Technical Revision on March 10, 2010. The pipeline was constructed in accordance with this revision.

TR#4: Construction of a Water Discharge Pipeline to Bray Ditch

NWNA applied to the County to construct a spring-water discharge pipeline that would transmit spring water from the TLF back across the Arkansas River through NWNA's crossing sleeve to discharge to the Bray Irrigation Ditch. This discharge pipeline was sought by NWNA in order to keep NWNA's pipeline from the Ruby Mountain Springs to the TLF operational even when NWNA was not transporting water to its Denver Bottling plant in order to maintain sanitary conditions of the pipeline and associated infrastructure.

The County approved this Technical Revision April 5, 2010. NWNA did not ultimately pursue this Technical Revision, since a final agreement between NWNA and the owner of the Bray Ditch was never finalized.

TR#5: Installation of Pipeline Sleeve under County Road 301

NWNA applied to construct a 12" diameter sleeve at NWNA's pipeline crossing at County Road 301 in order to expedite construction of the County road crossing and to minimize any lane closures of CR 301 during installation of the pipeline.

The County approved this Technical Revision on April 23, 2010. The pipeline was constructed in accordance with this revision.

TR#6: Water Discharge Pipeline to Arkansas River Outfall

NWNA applied to the County to construct a spring-water discharge pipeline that would transmit spring water from the TLF back across the Arkansas River through NWNA's crossing sleeve to discharge to a protected outfall on the east bank of the Arkansas River. This discharge pipeline was sought by NWNA in order to keep NWNA's pipeline from the Ruby Mountain Springs to the TLF operational even when NWNA was not transporting water to its Denver Bottling plant in order to maintain sanitary conditions of the pipeline and associated infrastructure.

The County approved this Technical Revision on June 14, 2010. The discharge pipeline was constructed in accordance with this revision and has been in operation through 2015.

TR#7: Alternative Truck and Tanker Size

In order to increase efficiency and to reduce total number of truck trips between Chaffee County and Denver, NWNA applied to the County to allow for use of an alternative tractor and tanker size. The proposed change potentially allows for 2,600 fewer truck trips annually. The proposed alternative configuration utilizes a 500 horsepower tractor and an 8,200 gallon tanker, versus the previously-approved 450 horsepower tractor with a 6,500 gallon tanker.

The County approved this Technical Revision on June 23, 2010. Since beginning operations in 2010, NWNA has employed both permitted tractor-tanker configurations in its water transport to the Denver plant.

TR#8: Modifications to Production Well (RMBH3) Configuration

NWNA requested certain modifications of the configuration for the new production well RMBH3. The requested modifications included: a larger casing diameter to allow for installation of water quality sampling instrumentation, a shorter screen interval to allow for a deeper pump placement to provide better pump cooling. NWNA did not request changes to County-imposed water-level pumping constraints.

Additionally, NWNA applied for a minor increase in the size of the RMBH3 wellhouse to accommodate water quality sampling and process equipment for pipeline sanitation.

The County approved this Technical Revision on August 18, 2010. NWNA has since constructed RMBH3 and associated wellhouse in accordance with this permit revision. RMBH3 was used as the primary production well in 2015.

TR#9: Tanker and Driver Parking at Truck Loading Facility

In order to facilitate the hiring of local truck drivers by making access to the NWNA tankers and the Truck Loading Facility convenient, NWNA applied to modify its site plan to allow for the parking of four (4) tankers and six (6) truck driver automobiles on private property south of and adjacent to NWNA's property. This re-configuration requires modification of the south fence and driveway apron in order for drivers to have access to the off-property parking spaces. This request was presented as an alternative to the permitted site plan and is to be implemented by NWNA when tanker parking on-site was no longer feasible due to increased activity.

The County approved this Technical Revision on September 13, 2010. However, NWNA did not implement the reconfiguration of its site allowed by this permit revision in 2015.

TR#10: Tanker and Driver Parking at Truck Loading Facility

In order to meet growing plant demand and to facilitate the hiring of local truck drivers by making access to the NWNA tankers and the Truck Loading Facility convenient, NWNA applied to the County on April 12, 2012 to modify its site plan to allow for the parking of additional tankers and truck driver automobiles on site.

The County approved this Technical Revision on April 19 2012, and NWNA modified its parking facility according to the plan in 2012.

TR#11: Simultaneous Operation of Production Wells RMBH-2 and RMBH-3

In order to make NWNA's well operations more efficient and reliable in the event of a pump failure, NWNA sought approval from the County to be able to operate its two production wells simultaneously but subject to the same flow and augmentation limitations contained in the Permit. The County approved this Technical Revision to the Permit on January 29, 2016.

TR#12: Reduced Surface Water and Groundwater Monitoring

After 5 years of operations and reporting compliance, NWNA applied for a reduction in reporting frequency of its surface water and groundwater monitoring data. This proposed reduction in reporting frequency did not change the frequency of NWNA's surface water and groundwater measurements. Also, NWNA requested that reporting from one of its 10 required monitoring wells be eliminated due to overlap of information from nearby monitoring wells. Finally, NWNA requested the surface flow measurements from surface structures (flumes and a weir) be replaced by measurements taken from nearby monitoring wells to eliminate reliance on erratic data from the surface structures which are subject to frequent clogging due to beaver activity and erosion. As of the date of this report, this Technical Revision remains under review by the County.

NWNA has received the following amendments to its Permits:

PA#1: Alternative River Crossing

At the request of the Town of Buena Vista in order to provide a major water transmission line across the Arkansas River to meet the Town's projected need for water resources, NWNA applied to change its previously-approved directional drilling approach to cross the river to an open trenching method. This modification allowed for concurrent installation of NWNA's and the Town's water lines at no cost to the Town. In addition, the alternative crossing method required a minor realignment of the pipeline.

The U.S. Army Corps of Engineers (USACE) granted NWNA a General Permit 12 on March 2, 2010 for the river crossing. The County approved this 1041 Permit Amendment on February 22, 2010 by Resolution 2010-20 and approved a revised Special Land Use Permit (SLUP) by Resolution 2010-21. The pipeline was constructed in accordance with this Permit Amendment and USACE Permit.

PA#2: Alternative Augmentation Water Source

In 2013, the Upper Arkansas Water Conservancy District (UAWCD) requested that NWNA consider using the UAWCD Augmentation Plan to supply replacement water for the depletions from the NWNA's production wells. After negotiating an agreement with UAWCD, NWNA filed a request with Chaffee County to revise its 1041 Permit to allow NWNA to use the UAWCD Augmentation Plan as an alternative to using augmentation water from the City of Aurora. Chaffee County approved a Permit Amendment by Resolution 2013-35 on October 8, 2013.

This Permit Amendment allows for NWNA to receive the UAWCD augmentation water and requires that NWNA operate its wells under the same restrictions previously specified in NWNA's original 1041 Permit which allowed for use of City of Aurora augmentation water. NWNA began utilizing the UAWCD for its augmentation water in 2015 as discussed later in this report.

2.4.3 Dispute Resolution

There are no NWNA-County disputes and no submittal is required.

2.4.4 Term of Permit

NWNA's Chaffee County 1041 Permit expires on October 22, 2019, unless extended by the Chaffee County Board of County Commissioners (BOCC).

2.4.5 Commencement of Project

NWNA completed construction of the Project as permitted in 2010 and after Chaffee County issued on July 27, 2010 a Notice to Proceed, NWNA began water transport operations on August 19, 2010. Therefore, NWNA has fully satisfied this permit condition.

2.4.6 Transfer of Permit

NWNA does not request a transfer of, nor has it transferred, its rights under this Permit to any parties.

2.4.7 Permit Violation

NWNA has not been notified by Chaffee County, or any other permit authority, of any violations of permits.

2.4.8 Annual Reporting

This report is submitted to Chaffee County for 2015 in compliance with this condition.

2.4.9 Hagen Exception

The metes and bounds description of the Hagen exclusion to the NWNA 1041 Permit Application has not changed. NWNA took no action on this exclusion in 2015. The land covered by the exclusion has been grazed according to the NWNA's 2015 Grazing Management Plan.

2.4.10 Financial Security

NWNA continues to maintain the Reimbursement Fund to cover County costs associated with administration of NWNA's 1041 Permit.

2.4.11 Compliance with Other Permits

On April 5, 2010 the Colorado Division of Water Resources (CDWR) issued to NWNA a well permit (69092-F) for RMBH2 which specifies conditions of well operation. CDWR re-issued well permit (78196-F) for RMBH2 on June 6, 2014. NWNA operated RMBH2 in compliance with those permits in 2015.

On April 29, 2010 the CDWR issued to NWNA a well permit (69165-F) for RMBH3 which specifies conditions of operation. CDWR re-issued well permit (78192-F) for RMBH3 on June 6, 2014. NWNA operated RMBH3 in compliance with those permits in 2015.

On August 4, 2010, the CDPHE issued to NWNA Source Approval for RMBH2 to provide water to be processed into bottled drinking water.

On May 25, 2011, the CDPHE issued Source Approval for RMBH3 to provide water to be processed into bottled drinking water.

NWNA received from the CDWR on March 22, 2014 approval of its 2014-2015 Substitute Water Supply Plan allowing NWNA to operate the production wells RMBH2 and RMBH3 under specified conditions of operation and required augmentation. NWNA operated RMBH2 and RMBH3 in compliance with that permit in 2015.

NWNA received a Nationwide 27 Stream and Wetlands Restoration Permit from the USACE on February 1, 2012. This permit was closed out by the USACE on February 7, 2014.

On March 13, 2012, NWNA received a Stormwater Discharge Permit Associated with Construction Activities from the CDPHE for the habitat reclamation project of the old hatchery site at Ruby Mountain Springs. That permit was closed in November 2012.

On March 29, 2012 NWNA received a Construction Dewatering Operations Permit from CDPHE for the habitat reclamation project. That permit was terminated at the end of July 2012.

2.4.12 Cost Reimbursement Fund and Application Review Costs

In compliance with this section of the 1041 Permit, NWNA has maintained its Cost Reimbursement Fund balance per County requirements and has not objected to reimbursement of County costs presented in 2015. The following table contains an accounting of the NWNA Reimbursement Fund during 2015 as received from the Chaffee County Finance Director.

Chaffee County - Nestle Waters 2015 Reimbursement Fund Report				
Date	Vendor / Description	Payments	Receipts	Balance
January-15	Interest		\$ 19.79	\$162,065.77
February-15	Interest		\$ 19.80	\$162,085.57
March-15	Interest		\$ 19.29	\$162,104.86
April-15	Interest		\$ 23.21	\$162,128.07
May-15	Interest		\$ 22.46	\$162,150.53
June-15	WW Wheeler	\$ 3,491.25		\$158,659.28
June-15	Interest		\$ 24.18	\$158,683.46
July-15	Chaffee County Reimb	\$ 1,383.90		\$157,299.56
July-15	Interest		\$ 25.31	\$157,324.87
August-15	Interest		\$ 28.29	\$157,353.16
September-15	Interest		\$ 32.27	\$157,385.43
October-15	Interest		\$ 32.56	\$157,417.99
October-15	Don Reimer, PE, technical	\$ 1,000.00		\$156,417.99
October-15	Chaffee County Reimb	\$ 385.80		\$156,032.19
November-15	Interest		\$ 36.35	\$156,068.54
December-15	Interest		\$ 40.00	\$156,108.54

2.4.13 Bighorn Springs Land Management Plan

The County approved Nwana's Final Bighorn Springs Parcel Land Management Plan on May 5, 2010.

According to the Nwana-County ROW dedication agreement, the County after coordination with Nwana applied dust suppression on CR300 adjacent to the Bighorn Springs Parcel during May, 2015.

Nwana did not observe noxious weeds on the property and did not receive notification from the County concerning noxious weeds, so conducted no weed control on the parcel.

The Colorado Mountain College Natural Resources Management department (CMC NRM) prepared Nwana's 2015 Bighorn Springs Grazing Management Plan. The plan was submitted to Colorado Division of Wildlife (CDOW), the Natural Resources Conservation Service (NRCS), and the County which was approved in March 2015 after no written comment.

Nwana submitted its 2015 Bighorn Springs grazing report (contained in Nwana's 2015 Bighorn Springs Parcel Grazing Management Plan (Exhibit 1), to Colorado Parks and Wildlife and NRCS in October, 2014. At the request of NRCS a site visit was conducted on the property in November with regional NRCS representative and a local holistic grazing rancher, Bruce Cogan. They concluded that the property was over-rested and supported the proposed grazing management plan for 2016.

The Bighorn Springs Property was not grazed in 2015 due to abundant regional vegetation growth after a wet spring and fall. Abundant graze in the summer high-elevation range for local herds resulted in delays bringing cattle to the lower elevations until late fall at which time it was decided to leave the vegetative cover on the Bighorn Springs Property for winter wildlife grazing.

NWNA's 2015 grazing plan calls for a single grazing event to occur in August 2016. NWNA will work closely with CMC NRM and the agencies to evaluate if the land has received sufficient moisture and vegetative cover to allow for a grazing event in 2016.

2.4.14 Ruby Mountain Springs Land Management Plan

The County approved NWNA's Final Ruby Mountain Springs Parcel Land Management Plan on May 5, 2010.

According to the NWNA-County ROW dedication agreement, the County after coordination with NWNA applied dust suppression on CR300 adjacent to NWNA's Ruby Mountain Springs Parcel during May, 2014

NWNA did not observe noxious weed species on the property. The County did not notify NWNA of the presence of noxious weeds on the property, so NWNA did not perform weed mitigation during 2014.

NWNA performed removal of the old hatchery, habitat reclamation, and revegetation on the parcel in 2012. Revegetation was periodically inspected in 2015 and a monitoring report was prepared by CMC NRM. (See next section.) NWNA contracted with a local wildlife specialist to trap and relocate two beavers according to CP&W regulations in 2015 from the reconstructed channel/pond system due to repetitive damming of the channel and lower measuring weir that threatened washing out of the berm adjacent to the river.

Grazing has not been permitted on the property in accordance with the approved RMS Parcel Land Management Plan.

2.4.15 Habitat Reclamation of old Hatchery Site

The County approved NWNA's Final Ruby Mountain Springs Hatchery Restoration Plan on April 26, 2010. CMC NRM completed a site inventory and documentation on July 1, 2010. NWNA removed the residential structures, rubbish, the old fish hatchery building and associated non-fixed equipment and structures from the property in 2010. Fish were also removed from the hatchery ponds and raceways at the request of the Colorado Division of Wildlife (CDOW).

Upon completion of the stakeholder process, CMC NRM completed The Ruby Mountain Springs Hatchery Reclamation Plan and submitted the plan to the stakeholders, including the County, on January 20, 2012. NWNA received from the USACE a Nationwide 27 Stream and Wetlands Restoration Permit on February 1, 2012. Construction of the reclamation project was completed by the end of 2012. The USACE performed a final inspection of the restored habitat in the fall of 2013 and NWNA received a letter from the USACE dated February 7, 2014 confirming closure of this permit.

CMC performed a site inventory of the reclaimed habitat in summer and late fall of 2015 and prepared the NWNA Ruby Mountain Springs Annual Monitoring Report (see Exhibit 2). Vegetative growth was vigorous in 2015 with continued increase in coverage and diversity being observed. The aquatic and riparian habitat continued to be occupied by wildlife including ducks, geese, kingfisher, muskrat, beaver, squirrels, deer and Bighorn Sheep. Significant numbers of mature and fingerling trout were observed the pond and stream channel system.

With completion of its Ruby Mountain Springs habitat reclamation project, NWNA continued conversations with the Wild Sheep Foundation (WSF) exploring options for permanent conservation of its Ruby Mountains and Bighorn Springs properties. NWNA's will continue to explore options for conservation easements for these properties in 2016.

2.4.16 Surface and Groundwater Monitoring and Wetlands Monitoring

Surface and Groundwater Monitoring

The County approved NWNA's Final Surface- and Groundwater Monitoring and Mitigation Plan on May 5, 2010 which includes provision for wetlands monitoring of the Bighorn Springs property.

In support of this present report, NWNA submits copies of: (1) NWNA's 2015 Surface Water and Groundwater Monitoring (SWGWM) report (Exhibit 3), and (2) NWNA's 2015 Bighorn Springs Wetlands Monitoring (BHSWM) Report (Exhibit 4).

The SWGWM report presents flow data collected from the weir and flumes on the Ruby Mountain Springs and Bighorn Springs Parcels, water level data for the wells in the monitoring well network, water quality data from approved monitoring locations, local and regional precipitation data, Arkansas River flows, and irrigation diversions for ditches that flow onto the local aquifer. The report provides an analysis of seasonal water levels relative to previously monitored years, as well as an evaluation of any affects that NWNA's pumping causes on spring flow and water levels in nearby monitoring wells.

The report, similar to last year's report, demonstrates that NWNA's production pumping is detectable by very slightly reduced flows through the lower weir, and slightly lower water levels in immediately adjacent monitoring wells. Further, the monitoring data reveal no influence of NWNA's withdrawals on water levels in up-gradient monitoring wells on either the adjacent Cogan parcel or the Bighorn Springs parcel, thus demonstrating that NWNA's withdrawals have only the predicted localized effect on aquifer water levels.

Water quality results for Ruby Mountain Springs throughout the long-term monitoring program for Ruby Mountain Springs (AECOM, 2010; SSPA, 2011; SSPA, 2012;

SSPA, 2013; SSPA, 2014; and SSPA 2015) show that spring water quality has remained consistently high.

Findings and Conclusions presented in the SWGWM report are summarized below:

Seasonal surface water flows from both Ruby Mountain and Bighorn springs are generally at a minimum from April through June and at a maximum from September through November. During the 2015 water year, the minimum and maximum flow from the Ruby Mountain springs was higher relative to previous seasonal observations... Surface flow at the Bighorn springs flumes is difficult to interpret due to the physical changes occurring near the gauges, but flows were clearly higher than average. Flows at the Ruby Mountain Weir began the water year in November 2014 at a higher than average level, and continued the trend of the highest observed flows since monitoring began.

Seasonal trends in groundwater levels in the Ruby Mountain Springs monitoring system were generally similar to those observed in previous water years with low levels from April through June and elevated levels from September through November. Peak water levels were higher than all years previously recorded since 2008 except for up-gradient well BVMW-2... Additionally, minimum water levels were slightly higher than the previous four water years. The declining trend that was present in the Pinedale Outwash Aquifer in the years 2008 to 2010 has not been observed since the water year 2011, and increasing trends have been observed since 2012.

The correlation between irrigation and groundwater levels has been noted previously for the Pinedale Outwash aquifer (ENSR/AECOM, 2008), and review of previous years timing of irrigation diversions with the timing and magnitude of water level increases, confirms this relationship. Total irrigation diversions were average compared to previous years. Precipitation measurements at the Buena Vista 2S weather station were generally near or above average for most of the 2015 water year compared to the long-term records...except for May 2015, which was an unusually wet month. As in the past, the effect of local precipitation in the Arkansas River Valley on the aquifer appears to be minimal; however, there may have been a potential slight increase from extremely heavy rains in May.

Aquifer recharge via groundwater inflows from the [southern Mosquito Range] mountains directly east of the Pinedale Outwash aquifer is significant (ENSR/AECOM, 2008). ...the Rough and Tumble [SNOTEL] station, which is located more than 20 miles north of Ruby Mountain and Bighorn Springs [in the Mosquito Range] shows that the peak SWE for the 2014/2015 snowpack in the Mosquito Range was above average compared to the 30-year median (9.7 inches compared to 7.7 inches)...For the 2015 water year, the most notable difference from previous observations was that SWE measured at the Rough and Tumble station was higher than the Saint Elmo station (Sawatch Range). Weather patterns appear to have shifted such that more precipitation occurred in the Mosquito Range relative to the western mountain range, and may have increased recharge via groundwater inflow from the eastern mountains.

The sole source of withdrawals for the production of water was from Ruby Mountain Springs production well RMBH-3 for the 2015 water year. The withdrawal of water has a small effect on flows at Ruby Mountain Springs, but does not affect water levels in the Pinedale Outwash aquifer beyond the Ruby Mountain Springs site. There were no effects at Bighorn Springs, which is located approximately 3,000 feet northwest of the Ruby Mountain Springs site. The localized nature of the impacts of pumping on the water levels in the aquifer are consistent with the results of the aquifer pumping test conducted for RMBH-2 in 2008 (ENSR/AECOM, 2008) and for RMBH-3 in 2010 (Malcolm-Pirnie, 2011).

Bighorn Springs Wetlands Monitoring

The 2015 BHSWM report presents the results of monitoring by CMC NRM of the conditions of the Bighorn Springs upland and wetlands conducted in 2015. Measurements of vegetative cover and species representation are presented. It can be seen that from year to year the percentage of land cover within the same transect is quite variable. In several of the plots, vegetative cover appears to coincide with moisture in any given year. On average when the eight transects are considered, there was an increase in vegetative coverage of about 18.6% in 2015 from 2014. This is attributed to the wetter than normal spring and fall.

To reliably identify long-term trends, either the number of variables in an analysis needs to be small to limit the combined random variation, or it is necessary to collect a large amount of multi-year data. Several factors may introduce random variation and error or bias into monitoring data sets including: sampling variations (human error), long periods of wetter or dryer than normal years, unknown time period for plots to adjust from wetter or dryer than normal years, and heavier or lighter grazing. It is reasonable to expect that several additional sampling events/years will be necessary to reliably establish any trends in vegetation distribution and density throughout the site.

2.4.17 Education Endowment and Annual Programmatic Contributions

NWNA becomes an active corporate citizen in the communities in which we operate. From Chaffee County citizen input, NWNA focused its community partnering primarily in the area of education, but also supports other local causes including, recycling, conservation, emergency response, community health, and other community-specific events and needs. The following presents a brief summary of NWNA's 2015 community partnering in Chaffee County.

Support of Education

In December of 2009, NWNA funded the science education endowments to the Buena Vista Education Assistance Fund (BVCEAF) and to Support Our Schools Salida! (SOSS), each in the amount of \$250,000. Since the inception of these endowment funds, the BVCEAF has received more than \$81,000 and SOSS received more than \$87,000 in distributions for worthy education causes. During that same time, the principal balance of the BVCEAF has grown to more than \$276,000 while the SOSS fund principal has grown to more than \$283,000. The BVCEAF received

more than \$14,300 in distribution from its endowment fund in 2015, whereas SOSS received almost \$17,400 in distribution in 2015.

Since the fund's inception, the BVCEAF awarded more than \$31,000 in scholarships to worthy students entering science-oriented college programs, including \$7,500 awarded to four students in 2015. SOSS elected to award all of its 2015 distribution to science grants in 2015 and no scholarships were awarded in 2015.

The following table presents a summary of BVCEAF's grants made from the NWNA endowment distribution, as reported by BVCEAF.

Annual Report 2015: BVCEAF-Nestle Waters Science Education Endowment	
<u>Summary Denver Foundation Endowment Fund</u>	
Denver Foundation Ending Balance 1-1-2015	\$288,449.24
Additions to Principal	\$1,000.00
Investment Earnings Less Admin Fee	\$1,414.33
Less disbursement in August 2015	-\$14,344.00
Administration Fee	\$0.00
Ending balance in September 2015	\$276,519.57
 BVCEAF Account Balance as of 6-30-2015	 -\$520.76
2015-Denver Foundation Disbursement (August)	\$14,344.00
Total for 2015-2016 Grants/Scholarships	\$13,823.24
 Scholarships Awarded Spring 2015	
<u>Student</u>	
Kayla Oliver	\$2,000
Micheal Wilcoxin	\$2,000
Ethan Greiner	\$1,750
Derek Brown	\$1,750
Total Scholarships Awarded 2015	\$7,500
 <u>GRANTS Issued 2015</u>	
<u>PROJECT NAME/SCHOOL/TEACHERS</u>	<u>AMOUNT FUNDED</u>
BVHS Recycling	\$1,552.45
Brown, Lee, Limon, Keidel	
Math/Science - APE	\$600.00
Kuennen, Naegle	
Ecology Equipment - BVHS	\$989.40
Keidel	
Aqua Fish Habitats - CCHS	\$884.50
Friedman	
	\$0.00
	\$0.00
	\$0.00
Total Grants Funded 2015	\$4,026.35
Remaining Balance 2015-2016	\$9,796.89

Grants issued by the BVCEAF from the NWNA Endowment distribution in 2015 served students and faculty in three of the four of the schools in the Buena Vista School District. BVCEAF grants in 2015 stimulated science and math education across a broad spectrum of student ages. A grant also added to the formal recycling program in the high school which NWNA fostered by providing school-wide recycling bins and storage in 2010. NWNA also contributed \$1,000 to the BVCEAF Science Endowment principal in 2015.

The following table presents SOSS's grant awards made in 2015 from the NWNA endowment distribution, as reported by SOSS.

<p align="center">Support our Schools Salida!</p> <p align="center">Nestle Waters Science Education Endowment</p> <p align="center">Annual Summary for 2015</p> <p align="center">(Prepared December 2015)</p>		
<u>Endowment Fund Summary</u> (From Denver Foundation July Report)		
Beginning Fund Balance:		\$287,319.68
Disbursement:		\$17,398.87
Ending Fund Balance:		\$283,392.82
<u>Grant and Scholarship Summary</u> (From SOSS Board)		
Carry-over Balance from Prior Award Cycle (End of Spring Semester): \$1,200		
Total Grants Awarded Spring/Fall 2015:		\$18,362.50
Date/ Grant Topic	Teacher/Grade	
Amount		
January		
1. Colorado Archeology Academy	Colegate/ LES	\$ 611
February		
2. 100 Elk Camp for fifth Grade	SMS	
\$3,000		
3. Learn From Worms	LES	\$ 451
April		
4. Pikes Peak Field Trip 8 th grade	SMS	\$1194
5. Science Storage 1 st Grade	LES	\$1368
6. Reptiles and Amphibians grades k-4	LES	\$265
7. Sand Dunes Trip	Horizons	\$ 168
May		
8. Science Mystery Curr 3, 4 5 th Grade	LES	\$ 499
9. Raptor Presentation	LES	\$ 200
10.SMS Garden	SMS	\$3000
11.LES Garden	LES	\$3000
Sept		
12.Adidas Heart band Monitors PE	SHS	\$1750
13. Science Dictionaries 7 th Grade	SMS	\$ 200
14.River Watch Training SPED	SMS	\$ 590
15.Matchless Mine Trip 2 nd Grade	LES	\$ 267
Oct		
16 Graphing Calculators 7 th and 8 th grade	SMS	\$1800
Total Scholarships Awarded Spring Semester 2015:		\$ 0

Grants issued by SOSS from the NWNA Endowment distribution in 2015 served students and faculty in four of the six schools in the Salida School District. The SOSS grants in 2015 supported education in wildlife, agriculture, health, and stream ecology. NWNA also contributed \$1,000 to the SOSS Science Endowment principal in 2015.

Community Partnering

In addition to supporting education and schools in Chaffee County, NWNA has remained an active supporter of other community organizations and activities. The following table summarizes the more than \$16,000 in financial contributions NWNA made to local organizations in 2015.

NWNA Chaffee County 2015 Donation Summary

Name of Organization/Event	Amount
Buena Vista Optimist Club	\$1,500
Guidestone	\$3,000
Arkansas Valley Broadcasting HS Sports Boosters	\$600
Boys & Girls Clubs of Chaffee County	\$1,500
Trout Unlimited - Collegiate Peaks Chapter	\$1,500
Buena Vista Chamber of Commerce - Gold Rush Days	\$2,000
Buena Vista Pregnancy Center	\$2,050
Chaffee County - Quilts of Valor	\$750
VFW Post 1166 - Golf Tournament	\$500
VFW Post 1166 - Thanksgiving & Christmas Support	\$1,000
Support Our Schools Salida Endowment	\$1,000
Buena Vista Community Education Assistance Endowment	\$1,000
Total: \$16,400	

NWNA contributed more than 15,800 bottles of water to Chaffee County organizations and events in 2015 as part of its programmatic giving. NWNA is pleased to have provided healthy hydration to so many worthy causes and organizations including emergency responders, local health fairs, schools and athletic clubs, and community fundraising events. (See following table.)

Nestle Waters 2015 Chaffee County Water Donations		
Organization/Event	Cases	Bottles
American Cancer Society Tenderfoot Hillclimb Fundraiser	20	560
Arkansas Valley Car Club	18	504
Buena Vista Autumn Color Run	37	888
Buena Vista Channel 9 Health Fair	24	672
Buena Vista Fire Protection	60	1,680
Buena Vista High School After Prom	10	280
Buena Vista High School Volleyball	5	120
Buena Vista Optimist Club	12	288
Buena Vista Rotary Club	5	120
Chaffee County Fire Protection	216	5,184
Chaffee County Search and Rescue	30	720
Colorado Department of Corrections	40	1,360
Collegiate Peaks Rodeo	17	476
High Rocky Riders Off Road	20	480
Salida Youth Wrestling	21	504
VFW Post 1166	78	1,872
Walden Chamber Music Fundraiser	7	168
Total:	620	15,876

Finally, according to NWNA's 1041 Permit hearing testimony, NWNA will continue its annual discretionary community programmatic support of worthy local organizations, events, and causes for as long as it operates in Chaffee County.

2.4.18 Right-of-Way

The NWNA-Chaffee County Right of Way (ROW) Agreement requires NWNA to re-iterate to the County in each Annual Report certain deed restrictions NWNA instituted when it granted to the County a right of way for County Road 300 through NWNA's properties. These deed restrictions require that the County notify NWNA annually of planned dust suppression, weed control, or construction activities on County Road 300 adjacent to NWNA's Bighorn Springs and Ruby Mountain Springs properties. The County notified NWNA in 2015 of its plans for application of dust suppression on CR 300 adjacent to both NWNA parcels. NWNA agreed to the County's dust suppression compound, and application method and rate at ½ normal strength and the County completed that activity in May 2015. NWNA did not observe any noxious weeds on its properties along CR 300 and therefore did no weed mitigation along those ROWs. The County performed some minor road construction on CR 300 in 2015 to repair some erosion damage due to heavy rain near the lower pond on the Ruby Mountain Springs parcel in 2015.

The County Road and Bridge Superintendent indicated to NWNA's community relations consultant that the County will be applying dust suppression in May 2016 with the same method and at the same rate as in 2015 (pers. comm. February 11, 2016). NWNA hereby notifies the County that it would agree to the County applying dust suppression on CR 300 in 2016 along both NWNA properties as long as the same compound and application rate and method used in 2015 are used in 2016. NWNA requests notification from the County if it intends to modify its dust suppression procedures in 2016.

The County Road and Bridge Superintendent indicated that the County had no specific plans in 2016 for any road construction (except for normal maintenance) along CR 300, nor of any specific plans for weed control along CR 300. However, based on conversations with the County in the summer of 2015 after a heavy rainfall and erosion event, the County indicated its desire to install a culvert and re-grade CR 300 near the lower pond at Ruby Mountain Springs.

2.4.19 Wildlife Friendly Fencing

This condition is satisfied.

2.4.20 River Wade Fishing on Bighorn and Ruby Mountain Springs Parcels

On May 24, 2011, NWNA and CDOW finalized and signed permanent fishing easement agreement on the Ruby Mountain and Bighorn Springs parcels, to be managed by Colorado Parks and Wildlife. Colorado Parks and Wildlife installed an information sign in the Fisherman Parking Area next to the Ruby Mountain Springs site and posted additional signage in 2014 as part of its management of these easements.

2.4.21 Fishing Access on Bighorn Springs Parcel

On May 24, 2011, NWNA and CDOW finalized a permanent fisherman-parking-and-access easement agreement on the Bighorn Springs parcel, to be managed by Colorado Parks and Wildlife. Colorado Parks and Wildlife has completed construction of the access road, parking area, signage, and trail on the Bighorn Springs Parcel. Colorado Parks and Wildlife installed additional fencing and signage in 2015 near the parking area to reduce fisherman trespass beyond the boundaries of the Fishing Easement.

2.4.22 Pipeline Requirements

This condition is satisfied.

2.4.23 Buildings and Structures

NWNA did not construct or modify any buildings or structures in 2015.

2.4.24 Construction Conditions Imposed by Special Land Use Permit

NWNA did not perform any construction in 2015.

2.4.25 Local Construction Jobs and Local Purchasing

This 1041 Permit condition requires NWNA to hire local firms and purchase materials for the construction of the Ruby Mountain Springs Project to the degree that it is commercially practical. NWNA's corporate policy toward supporting the local communities in which it operates supports the objective of this permit condition, and therefore in 2014 NWNA made every attempt at achieving local hiring and purchasing of materials for the project.

Construction Contractors & Material and Equipment Purchases

NWNA did not perform any construction in 2015, but did require the services and materials for system operation, maintenance, and equipment up-grade. These services and supplies were supplied to NWNA from local and non-local contractors and suppliers, as dictated by local availability. NWNA's local contractor and supply expenditures amounted to \$8,941, while NWNA's non-local contractor and supply expenditures for specialized equipment installation was \$52,423.

Professional Service Contractors

NWNA employed local professional service contractors including community relations, technical consulting, operations and monitoring assistance, etc., for the project in 2015 amounting \$144,077 of local expenditure. NWNA also employed non-local professional service contractors largely due to either their specialized service not available locally, or they were NWNA's national consultants (e.g. legal counsel, water resource specialists, etc.). In 2015, NWNA, in support of its Ruby Mountain Springs project, employed non-local specialized professional service and legal contractors totaling \$133,190.

NWNA's Other Local Spending

NWNA paid \$29,099 for local utilities associated with project operations in 2015. NWNA made payments in 2015 to the UAWCD for water augmentation in the amount of \$150,000. NWNA also paid \$7,331 to local service providers in 2015 for waste management, telecommunications, and other miscellaneous items.

NWNA, through its trucking contractor, endeavors to hire local truck drivers to make hauls of spring water to the NWNA Denver bottling plant. In 2015, more than 65% of the 2,991 trips to the bottling plant were made by local drivers whose pay totaled more than \$525,000.

NWNA's Taxes Paid

NWNA's 2013 real property taxes payable and paid in 2015 was \$35,823.

2.4.26 Local Drivers

In 2015, NWNA's trucking contractor (DG Coleman) employed 15 drivers to haul water from the NWNA TLF to the Denver Bottling Plant. (NWNA did not utilize a mid-trip, drop-and-pick up, scenario for trucking during 2015.) Of the 15 drivers employed, 8 resided in Chaffee County. Local drivers conducted 1,952 round-trips, and non-local drivers conducted 1,039 round-trips.

NWNA and its trucking contractor have made continuous efforts since May 13, 2010 to recruit local drivers. In 2015, NWNA and DG Coleman placed advertising in the following media sources: The Mountain Mail; Craigslist; Google; Select Staffing; and Gary's Job Board.

During the time period January 1, 2015 through December 31, 2015, NWNA's trucking contractor received 14 applications for employment from Chaffee County residents. Seven of the applicants did not meet the driving qualifications of the contractor, and 7 were hired.

More detailed information regarding NWNA's 2015 trucking operations is presented in Exhibit 5.

2.4.27 Project Impacts Related to Well Pumping

Condition is County permit proviso. No submittal is required.

2.4.28 Augmentation Water Source Restrictions

NWNA operated its production wells RMBH #2 and RMBH #3 from January 1, 2015 until March 21, 2015 pursuant to the terms of a State Engineer approved substitute water supply plan (SWSP - Exhibit 7). Aurora Water provided the SWSP replacement source during this period.

NWNA operated its production wells from March 22, 2015 to December 31, 2015 pursuant to the terms of the augmentation certificates issued by Upper Arkansas Water Conservancy District (Exhibit 9). The sources of supply during that period were the sources set forth in the Upper Arkansas Water Conservancy District plan for augmentation summarized in 06CW32 (Exhibit 9). The State Engineer confirmed that the NWNA production wells are included in the Upper Arkansas Water Conservancy District's ("UAWCD") regional augmentation plans as decreed in Case Nos. 92CW84, 94CW5, 94CW41, 94CW42, 96CW17, 03CW55 and 06CW32 augmentation plan (Exhibit 9).

Aurora Water continued to provide replacement water between March 22, 2015 until April 29, 2015, to insure continuity of replacement sources during the switch over to the UAWCD plan. NWNA therefore duplicated augmentation during the March 22, 2015 to April 29, 2015 time period.

2.4.29 Limitation on Project Depletions

This permit condition requires that NWNA's water depletions to the Arkansas River be limited to the net amount (196.0 acre-feet which accounts for transit losses) of replacement water available to the Arkansas River in time, place and amount and that releases of augmentation water comply with the terms contained in NWNA's 1041 Permit as specified in Chaffee County Resolutions 2009-42 and 2013-35 for NWNA's augmentation source provider (Aurora and UAWCD). NWNA's compliance with the water augmentation operational terms of the 1041 Permit is presented in NWNA's monthly reports to Chaffee County and in NWNA's 2015 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6).

2.4.30 Approved SWSP or Augmentation Plan Required

NWNA received approval of its 2014-2015 Substitute Water Supply Plan ("SWSP") from the CDWR on April 9, 2014 that imposed the same SWSP restrictions on NWNA's spring-water withdrawals contained within NWNA's 1041 Permit (see Exhibit 7). During the period that NWNA operated RMBH3 and RMBH2 under the City of Aurora's augmentation, NWNA operated those wells in compliance with the SWSP in 2015. NWNA did not apply for renewal of a SWSP for 2015-2016 since NWNA transitioned to the UAWCD's water augmentation plan according to the terms of the 06CW32 decree at the expiration of the SWSP based on augmentation from the City of Aurora.

2.4.31 Augmentation Water Delivery Restrictions

This 1041 Permit condition requires that NWNA's depletions be replaced by augmentation water released up-stream of the Ruby Mountain Springs on the Arkansas River. NWNA's compliance with this permit condition is presented in NWNA's 2015 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6).

2.4.32 Accounting and Reporting for Augmentation Water Source

NWNA has provided the County with monthly reports presenting the City of Aurora's and the UAWCD's water operations on the Arkansas River and augmentation of NWNA's depletions which demonstrate NWNA's compliance with this permit condition. NWNA's compliance with this water augmentation operational term of the 1041 Permit for the period when NWNA augmented with Aurora Water is summarized in Nestle's 2015 Accounting of the City of Aurora and Upper Arkansas Water Conservancy District Supply and Demands (Exhibit 8).

2.4.33 Pumping Well Operational Restrictions

This 1041 Permit condition restricts NWNA's pumping from RMBH2 and RMBH3 simultaneously and limits diversions from the wells to 200 gallons per minute, 1 acre-foot per day, and 16.6 acre-feet per month.

In 2015, NWNA operated RMBH3 as the primary production well. NWNA operated RMBH-2 for testing during April and May for short intervals pumping 0.009 acre-feet of water. NWNA produced 83.122 acre-feet of water from RMBH-3 in 2015, but at no time did the two production wells operate simultaneously. NWNA has provided the County with monthly reports presenting NWNA's pumping, and NWNA's 2015 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6) summarizes these data. Of the 83.122 acre-feet of water pumped from RMBH-3 NWNA transported 72.833 acre-feet to the Denver Plant for bottling in 2015.

In 2015, NWNA's diversions from RMBH2 and RMBH3 complied with the provisions of this permit condition not exceeding the daily limit of 1 acre-foot or the monthly limit of 16.6 acre-feet. NWNA operated its production wells according to these limits.

2.4.34 Construction of Pumping Wells

NWNA constructed RMBH3 in accordance with the County-approved provisions of the Technical Revision to the 1041 Permit.

2.4.35 Surface Water Flow Measurements

NWNA 2015 Surface Water and Groundwater Monitoring Report (Exhibit 3) presents a reporting of required surface flow measurements taken during 2015 from the required locations on the Ruby Mountain Springs Parcel ("Lower Weir" and "Upper Flume"). That report also presents surface water flow data for two locations on the Bighorn Springs Parcel ("Parshall-1" and "Parshall-3"), the Arkansas River, and irrigation ditch diversions relevant to the Ruby Mountain Springs aquifer.

From the SWGWM Report it can be concluded that surface water flow at the Ruby Mountain Springs is predominantly controlled by seasonal groundwater level fluctuations. Further, NWNA has demonstrated that production pumping from RMBH-3 has a measureable, though very minor, effect on flows at the Ruby Mountain Springs.

Also from the SWGWM Report it can be concluded that surface water flows at Bighorn Springs are controlled by seasonal groundwater level fluctuations. No influence of NWNA's water withdrawals at the Ruby Mountain Springs on the surface water flows or groundwater levels at the Bighorn Springs is detectable.

2.4.36 Suspension of Pumping - Adverse Effects on Reconstructed Wetlands

NWNA completed its habitat reclamation project in 2012. The restored habitat was monitored in 2014 to evaluate the success of revegetation and function of created habitat and the results have been outstanding. Sufficient success of the re-established habitat was observed that the USACE closed out its reclamation permit ahead of the full monitoring term in early 2014.

NWNA's 2015 Surface Water and Groundwater Monitoring Report (Exhibit 3) demonstrates that production pumping from RMBH3 has a measureable, but very minor, effect on spring flows consistent with studies conducted prior to permitting of operations. Therefore, NWNA does not anticipate the need for suspension of operations. In compliance with NWNA's 1041 Permit, monitoring of groundwater levels and spring flows in relation to water withdrawals will be made on a systematic basis during operations in order to evaluate and mitigate any negative effect on the Ruby Mountain Springs and associated wetlands.

2.4.37 Inclusion of Reconstructed Wetlands in SWSP or Augmentation Plan

NWNA did not include reconstructed wetlands augmentation in its 2014-2015 SWSP since the habitat reclamation project entailed a significant reduction in water surface area and consumptive water use (1,150 cubic feet per year). NWNA does not anticipate the need for augmentation in the future for the reclaimed habitat at the old hatchery site since the habitat is flourishing.

2.4.38 Cessation of Diversions upon Termination of Aurora Lease

The City of Aurora's lease of augmentation water for NWNA's Ruby Mountain Springs operations remained in full force and effect until March 21, 2015 at which time NWNA's water withdrawals were augmented using the UAWCD's augmentation plan. Aurora Water continued to provide replacement water between March 22, 2015 until April 29, 2015, to insure continuity of replacement sources during the switch over to the UAWCD plan to cover any lagged depletions. NWNA therefore duplicated augmentation during the March 22, 2015 to April 29, 2015 time period.

2.4.39 Restrictions on Acquisition of Additional Water Rights in County

In 2014, NWNA continued to rely on augmentation water leased from the City of Aurora. The NWNA-Aurora lease has not been amended or modified in any way.

2.4.40 Water Rights Filing and Administration Costs

NWNA applied for renewal of the SWSP in 2014, which covered the earlier part of 2015, containing the same provisions as the previous years' SWSPs. Prior to submitting the 2014-2105 SWSP renewal, NWNA provided a draft to Chaffee County for review and comment in compliance with this permit condition. Jim Culichia, water attorney for the County, confirmed that the SWSP application conformed to permit requirements. NWNA received approval from the CDWR for its 2014-2015 SWSP which imposed the same SWSP restrictions on NWNA's spring-water withdrawals contained within NWNA's 1041 Permit (see Exhibit 7). NWNA operated RMBH3 and RMBH2 in compliance with the 2014-2015 SWSP in 2015.

NWNA has not filed a Plan for Augmentation in Colorado Water Court to date. With the transition of augmentation from the City of Aurora to the UAWCD 06CW32 decree, NWNA will not be filing for a Plan for Augmentation.

Also in compliance with this permit condition, NWNA has maintained sufficient funds in its Chaffee County Reimbursement Account to cover the County's expenses associated with review of any changes to NWNA's water augmentation source.

2.4.41 Trout Creek Pass Improvements Lobbying

NWNA did not receive notification or request from Chaffee County regarding lobbying actions with CDOT for improvements to US Highway 285 in 2014. Therefore, NWNA did not directly or indirectly lobby CDOT for such improvements in 2015. However, CDOT began construction of passing lanes on Trout Creek Pass in 2015 and completion of that construction is expected in 2016.

2.4.42 Limits on Truck Traffic

This permit condition places certain restrictions on NWNA's trucking activity to limit impacts on the Trout Creek Pass portion of US Highway 285. These limitations include no more than 25 loaded trucks per day, with no more than two trucks per hour. During the restricted peak-hours period of 1:00 am to 6:00 pm from the Friday of Memorial Day weekend through the Labor Day weekend, truck traffic is limited to

no more than two loaded trucks per hour, with an average of one truck per hour for the peak-hours period of each day.

Detailed information regarding NWNA's 2015 trucking operations is presented in Exhibit 5. NWNA made a total 2,991 truck trips in 2015 from the Truck Loading Facility to the Denver Bottling Plant. NWNA utilized 8,200-gallon tankers in 2015.

The average daily volume of NWNA's truck traffic over the course of 2015 was approximately 8 trips per day. The maximum number of tanker trips on any given day in 2015 was 18. (In 2014, NWNA's Process Logic Controller (PLC computer) at its Truck Loading Facility in Johnson Village was programmed to allow the filling of no more than 1 truck per hour during the seasonally restricted dates and times.) The maximum number of truck trips for the 7-hour period for any day during the restricted period was 2 and the average trucking volume for the 7-hour restricted period was no more than 1 truck per hour. NWNA is not aware of any violations of the limitations of this permit condition.

2.4.43 Emission Standards

NWNA employed the use of tanker trucks for its water shipments meeting the sample specifications that were submitted as part of the initial 1041 Application and subsequent Technical Revision (TR #7). In 2015, NWNA used only late-model tractors meeting all federal and state emission standards. Two 500 horse power tractor models were used in 2015. The average age of the tractor fleet was 1.8 years which surpasses the 2007 permitted platform. The oldest tractor used during 2015 was a 2011 model. More detailed information regarding NWNA's 2014 trucking operations is presented in Exhibit 5.

2.4.44 No Idling During Loading

In compliance with its Permits, NWNA has not allowed its trucks to idle during loading. Limited idling only occurs as required for cold-weather start-up.

2.4.45 Emergency River Access

NWNA completed construction and revegetation of the emergency river access in the summer of 2010. This condition is completely satisfied.

2.4.46 River Crossing Revegetation and CDOW Approval

The CDOW conducted a final review of the revegetation of the river crossing and provided a letter of approval to the County dated August 30, 2010. This condition is completely satisfied.

2.4.47 River Crossing Construction Plans

NWNA completed construction of the pipeline crossing of the Arkansas River under the provision of a USACE General Permit 12 and NWNA's Amended 1041 permit before the March 15, 2010 deadline. The CDOW conducted a final review of the revegetation of the river crossing and provided a letter of approval to the County dated August 30, 2010. The USACE approved closure of the General Permit 12 on September 25, 2012. This condition is completely satisfied.

2.4.48 Army Corps of Engineers

NWNA completed the pipeline river crossing construction and revegetation in 2020 in accordance with USACE General Permit 12 (SPA-2008-00255-SCO; March 2, 2010). The USACE approved closure of the General Permit 12 on September 25, 2012. This condition is completely satisfied.

2.4.49 Town of Buena Vista Water Pipeline

NWNA completed construction in 2010 of the pipeline for the Town of Buena Vista in accordance with the USACE General Permit 12 and County-approved plans and requirements. NWNA understands that all required easement agreements have been submitted to the County by the affected parties. This condition is completely satisfied.



2016 Annual Report

**Nestlé Waters North America Inc.
Chaffee County 1041 Permit**

**Submitted
March 1, 2017**

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EXHIBIT 3 – Nwana 2016 Surface Water and Groundwater Monitoring Report,
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EXHIBIT 4 – Nwana 2016 Bighorn Springs Wetlands Monitoring Report

EXHIBIT 5 – Nwana's 2016 Summary Trucking Operations

EXHIBIT 6 – Nwana's 2016 Annual Accounting Report Regarding Well Pumping
Operations and Augmentation Releases

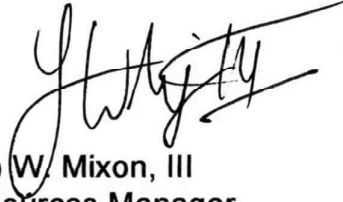
EXHIBIT 7 – Legal Documents Related to UAWCD's Augmentation of Nwana's
Production Wells in 2016

EXHIBIT 8 – Nestle's 2016 Accounting of the City of Aurora and Upper Arkansas
Water Conservancy District Supply and Demands

CERTIFICATION OF ANNUAL REPORT

NWNA is pleased to submit its 1041 Permit Annual Report for 2016 to Chaffee County, and by signing below, I certify that the information contained herein represents NWNA's activities in Chaffee County and demonstrates NWNA's compliance with its Permits in 2016. If the County needs clarification of the information presented herein, or additional information to meet compliance with the 1041 Permit Condition for Annual Reporting, please contact me.

Sincerely,



Louis (Trey) W. Mixon, III
Natural Resources Manager
Nestlé Waters North America
4718 Mountain Creek Parkway
Dallas, TX 75236
Office (972) 780-4023
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1.0 INTRODUCTION

Nestle Waters North America (Nwana) applied to Chaffee County (County) for a 1041 Permit and Special Land Use Permit (Permits) in November 2008 to construct and operate a spring water withdrawal and transport project (Project) at the Ruby Mountain Springs in Chaffee County. The County granted approval of Nwana's Permits on September 23, 2009. In accordance with Section 4.8 of the 1041 Permit, Nwana must submit an Annual Report to Chaffee County regarding its compliance with its Permits as well as its operations and activities in Chaffee County.

This report covers Nwana's operations and activities from January 1 through December 31, 2016, (Report Period). For continuity, this 2016 Annual Report may contain information addressing Nwana's compliance with all requirements specified in the Permits for the Reporting Period as well as up through the date of this report.

2.0 COMPLIANCE WITH 1041 PERMIT CONDITIONS

Nwana presents this annual report in accordance with recommendations of County staff made in the review letter dated April 7, 2010. Nwana's 2016 activities and compliance with 1041 permit conditions are presented subsequently being organized by condition number (e.g. Section 4.1) as presented in Chaffee County Resolution 2009-42 and as amended by Resolution 2010-20, and Resolution 2013-35.

2.4.1 Scope of Permit

Condition is County proviso. No submittal is required.

2.4.2 Technical Revision or Permit Amendment

According to Nwana's 1041 Permit Section 5.1, Nwana may seek and be granted by the County Technical Revisions to its Permits and permit conditions if certain provisions in permit Section 5 are met. Additionally, according to Section 5.2 Nwana may seek and be granted by the County an amendment to its Permits if provisions within Section 5 are met. Nwana has applied for 12 Technical Revisions and received approval for 11 Technical Revisions to date. Nwana has also received 2 Permit Amendments subsequent to initial issuance of Nwana's Permits granted by Resolutions 2009-42 and 2009-43.

Nwana has received the following Technical Revisions:

TR#1: Truck Loading Facility (TLF) – Office Space and Parking Space

Nwana applied for modification of the floor-plan of the TLF to provide an office space for a locally-based Nwana employee and associated on-site parking.

The County approved this Technical Revision on November 3, 2009. The TLF was constructed in accordance with this revision.

TR#2: Pipeline Size Reduction and Pipeline Realignment

Nwana applied for reduction of its water transmission pipeline from 8" (O.D.) to 6" (O.D.) based on final engineering calculations. Nwana also requested minor realignments of the pipeline along some segments between the Ruby Mountain

Springs Parcel and the TLF because: (1) the Project no longer included pumping at the Bighorn Springs; and (2) the pipeline would be afforded more protection within easements on private property as opposed to within County Road Right of Way (ROW) and within the Union Pacific Railroad ROW.

The County approved this Technical Revision on February 23, 2010. The pipeline was constructed in accordance with this revision.

TR#3: Pipeline Realignment on Gunsmoke Property

NWNA applied for a minor realignment of its pipeline on the Gunsmoke property to accommodate the realignment of NWNA's pipeline due to the alternate river crossing alignment, the addition of the Town of Buena Vista's water main at the river crossing, and to minimize impact to the private owner's commercial utility of the Gunsmoke property.

The County approved this Technical Revision on March 10, 2010. The pipeline was constructed in accordance with this revision.

TR#4: Construction of a Water Discharge Pipeline to Bray Ditch

NWNA applied to the County to construct a spring-water discharge pipeline that would transmit spring water from the TLF back across the Arkansas River through NWNA's crossing sleeve to discharge to the Bray Irrigation Ditch. This discharge pipeline was sought by NWNA in order to keep NWNA's pipeline from the Ruby Mountain Springs to the TLF operational even when NWNA was not transporting water to its Denver Bottling plant in order to maintain sanitary conditions of the pipeline and associated infrastructure.

The County approved this Technical Revision April 5, 2010. NWNA did not ultimately pursue this Technical Revision, since a final agreement between NWNA and the owner of the Bray Ditch was never finalized.

TR#5: Installation of Pipeline Sleeve under County Road 301

NWNA applied to construct a 12" diameter sleeve at NWNA's pipeline crossing at County Road 301 in order to expedite construction of the County road crossing and to minimize any lane closures of CR 301 during installation of the pipeline.

The County approved this Technical Revision on April 23, 2010. The pipeline was constructed in accordance with this revision.

TR#6: Water Discharge Pipeline to Arkansas River Outfall

NWNA applied to the County to construct a spring-water discharge pipeline that would transmit spring water from the TLF back across the Arkansas River through NWNA's crossing sleeve to discharge to a protected outfall on the east bank of the Arkansas River. This discharge pipeline was sought by NWNA in order to keep NWNA's pipeline from the Ruby Mountain Springs to the TLF operational even when NWNA was not transporting water to its Denver Bottling plant in order to maintain sanitary conditions of the pipeline and associated infrastructure.

The County approved this Technical Revision on June 14, 2010 and the discharge pipeline was constructed in accordance with this revision. The discharge pipeline was operated in 2016.

TR#7: Alternative Truck and Tanker Size

In order to increase efficiency and to reduce total number of truck trips between Chaffee County and Denver, NWNA applied to the County to allow for use of an alternative tractor and tanker size. The proposed change potentially allows for 2,600 fewer truck trips annually. The proposed alternative configuration utilizes a 500 horsepower tractor and an 8,200 gallon tanker, versus the previously-approved 450 horsepower tractor with a 6,500 gallon tanker.

The County approved this Technical Revision on June 23, 2010. Since beginning operations in 2010, NWNA has employed both permitted tractor-tanker configurations in its water transport to the Denver plant.

TR#8: Modifications to Production Well (RMBH3) Configuration

NWNA requested certain modifications of the configuration for the new production well RMBH3. The requested modifications included: a larger casing diameter to allow for installation of water quality sampling instrumentation, a shorter screen interval to allow for a deeper pump placement to provide better pump cooling. NWNA did not request changes to County-imposed water-level pumping constraints.

Additionally, NWNA applied for a minor increase in the size of the RMBH3 wellhouse to accommodate water quality sampling and process equipment for pipeline sanitation.

The County approved this Technical Revision on August 18, 2010. NWNA has since constructed RMBH3 and associated wellhouse in accordance with this permit revision. RMBH3 was used as the only production well in 2016.

TR#9: Tanker and Driver Parking at Truck Loading Facility

In order to facilitate the hiring of local truck drivers by making access to the NWNA tankers and the Truck Loading Facility convenient, NWNA applied to modify its site plan to allow for the parking of four (4) tankers and six (6) truck driver automobiles on private property south of and adjacent to NWNA's property. This re-configuration requires modification of the south fence and driveway apron in order for drivers to have access to the off-property parking spaces. This request was presented as an alternative to the permitted site plan and is to be implemented by NWNA when tanker parking on-site was no longer feasible due to increased activity.

The County approved this Technical Revision on September 13, 2010. However, NWNA did not implement the reconfiguration of its site allowed by this permit revision in 2016.

TR#10: Tanker and Driver Parking at Truck Loading Facility

In order to meet growing plant demand and to facilitate the hiring of local truck drivers by making access to the NWNA tankers and the Truck Loading Facility convenient, NWNA applied to the County on April 12, 2012 to modify its site plan to allow for the parking of additional tankers and truck driver automobiles on site.

The County approved this Technical Revision on April 19 2012, and NWNA modified its parking facility according to the plan in 2012.

TR#11: Simultaneous Operation of Production Wells RMBH-2 and RMBH-3

In order to make NWNA's well operations more efficient and reliable in the event of a pump failure, NWNA sought approval from the County to be able to operate its two production wells simultaneously but subject to the same flow and augmentation limitations contained in the Permit. The County approved this Technical Revision to the Permit on January 29, 2016.

TR#12: Revisions to Surface Water and Groundwater Reporting

In December 2014, after 5 years of operations and reporting compliance, NWNA applied for a reduction in reporting frequency of its surface water and groundwater monitoring data. This proposed reduction in reporting frequency does not change the frequency of NWNA's surface water and groundwater measurements. Also, NWNA requested that reporting from one of its 10 required monitoring wells be eliminated due to overlap of information from nearby monitoring wells. Finally, NWNA requested the surface flow measurements from surface structures (flumes and a weir) be replaced by measurements taken from nearby monitoring wells to eliminate reliance on erratic data from the surface structures which are subject to frequent clogging due to beaver activity and erosion. As of the date of this report, this Technical Revision remains under review by the County.

NWNA has received the following amendments to its Permits:

PA#1: Alternative River Crossing

At the request of the Town of Buena Vista in order to provide a major water transmission line across the Arkansas River to meet the Town's projected need for water resources, NWNA applied to change its previously-approved directional drilling approach to cross the river to an open trenching method. This modification allowed for concurrent installation of NWNA's and the Town's water lines at no cost to the Town. In addition, the alternative crossing method required a minor realignment of the pipeline.

The U.S. Army Corps of Engineers (USACE) granted NWNA a General Permit 12 on March 2, 2010 for the river crossing. The County approved this 1041 Permit Amendment on February 22, 2010 by Resolution 2010-20 and approved a revised Special Land Use Permit (SLUP) by Resolution 2010-21. The pipeline was constructed in accordance with this Permit Amendment and USACE Permit.

PA#2: Alternative Augmentation Water Source

In 2013, the Upper Arkansas Water Conservancy District (UAWCD) requested that NWNA consider using the UAWCD Augmentation Plan to supply replacement water for the depletions from the NWNA's production wells. After negotiating an agreement with UAWCD, NWNA filed a request with Chaffee County to revise its 1041 Permit to allow NWNA to use the UAWCD Augmentation Plan as an alternative to using augmentation water from the City of Aurora. Chaffee County approved a Permit Amendment by Resolution 2013-35 on October 8, 2013.

This Permit Amendment allows for NWNA to receive the UAWCD augmentation water and requires that NWNA operate its wells under the same restrictions previously specified in NWNA's original 1041 Permit which allowed for use of City of Aurora augmentation water. NWNA utilized the UAWCD for its augmentation water in 2016.

2.4.3 Dispute Resolution

There are no NWNA-County disputes and no submittal is required.

2.4.4 Term of Permit

NWNA's Chaffee County 1041 Permit expires on October 22, 2019, unless extended by the Chaffee County Board of County Commissioners (BOCC).

2.4.5 Commencement of Project

NWNA completed construction of the Project as permitted in 2010 and after Chaffee County issued on July 27, 2010 a Notice to Proceed, NWNA began water transport operations on August 19, 2010. Therefore, NWNA has fully satisfied this permit condition.

2.4.6 Transfer of Permit

NWNA does not request a transfer of, nor has it transferred, its rights under this Permit to any parties.

2.4.7 Permit Violation

NWNA has not been notified by Chaffee County, or any other permit authority, of any violations of permits.

2.4.8 Annual Reporting

This report is submitted to Chaffee County for 2016 in compliance with this condition.

2.4.9 Hagen Exception

The metes and bounds description of the Hagen exclusion to the NWNA 1041 Permit Application has not changed. NWNA took no action on this exclusion in 2016. The land covered by the exclusion is grazed according to the NWNA's 2016 Grazing Management Plan.

2.4.10 Financial Security

NWNA continues to maintain the Reimbursement Fund to cover County costs associated with administration of NWNA's 1041 Permit.

2.4.11 Compliance with Other Permits

On April 5, 2010 the Colorado Division of Water Resources (CDWR) issued to NWNA a well permit (69092-F) for RMBH2 which specifies conditions of well operation. CDWR re-issued well permit (78196-F) for RMBH2 on June 6, 2014. NWNA operated RMBH2 in compliance with those permits in 2016.

On April 29, 2010 the CDWR issued to NWNA a well permit (69165-F) for RMBH3 which specifies conditions of operation. CDWR re-issued well permit (78192-F) for RMBH3 on June 6, 2014. CDWR re-issued both well permits in June 2016 with modifications allowing for simultaneous pumping of both production wells according to the terms of the 1041 Permit TR #11. NWNA operated RMBH2 and RMBH3 in compliance with those permits in 2016.

On August 4, 2010, the CDPHE issued to NWNA Source Approval for RMBH2 to provide water to be processed into bottled drinking water.

On May 25, 2011, the CDPHE issued Source Approval for RMBH3 to provide water to be processed into bottled drinking water.

NWNA received a Nationwide 27 Stream and Wetlands Restoration Permit from the USACE on February 1, 2012. This permit was closed out by the USACE on February 7, 2014.

On March 13, 2012, NWNA received a Stormwater Discharge Permit Associated with Construction Activities from the CDPHE for the habitat reclamation project of the old hatchery site at Ruby Mountain Springs. That permit was closed in November 2012.

On March 29, 2012 NWNA received a Construction Dewatering Operations Permit from CDPHE for the habitat reclamation project. That permit was terminated at the end of July 2012.

2.4.12 Cost Reimbursement Fund and Application Review Costs

In compliance with this section of the 1041 Permit, NWNA has maintained its Cost Reimbursement Fund balance per County requirements and has not objected to reimbursement of County costs presented in 2016. The following table contains an accounting of the NWNA Reimbursement Fund during 2016 as received from the Chaffee County Finance Director.

Chaffee County - Nestle Waters 2016 Reibursement Fund Report

Date	Vendor / Description	Payments	Receipts	Balance
Dec-16	Interest		\$138.95	\$156,165.74
Nov-16	Interest		\$140.22	\$156,026.79
Oct-16	Interest		\$127.03	\$155,886.57
Sep-16	Interest		\$119.39	\$155,759.54
Aug-16	Interest		\$108.10	\$155,640.15
Jul-16	Interest		\$100.07	\$155,532.05
Jun-16	Interest		\$97.88	\$155,431.98
May-16	Interest		\$92.07	\$155,334.10
Apr-16	Chaffee County Reimb	\$728.20		\$155,669.53
Apr-16	WWV Wheeler	\$427.50		\$155,242.03
Apr-16	Interest		\$89.70	\$156,397.73
Mar-16	Interest		\$76.60	\$156,308.03
Feb-16	Interest		\$71.87	\$156,231.43
Jan-16	Interest		\$51.02	\$156,159.56

2.4.13 Bighorn Springs Land Management Plan

The County approved NWN's Final Bighorn Springs Parcel Land Management Plan on May 5, 2010.

According to the NWN-County ROW dedication agreement, the County after coordination with NWN applied dust suppression on CR300 adjacent to the Bighorn Springs Parcel during May, 2016.

NWN did not observe noxious weeds on the property and did not receive notification from the County concerning noxious weeds, so conducted no weed control on the parcel.

The Colorado Mountain College Natural Resources Management department (CMC NRM) prepared NWN's 2016 Bighorn Springs Grazing Management Plan. The plan was submitted to Colorado Division of Wildlife (CDOW), the Natural Resources Conservation Service (NRCS), and the County which was approved in March 2016 after no written comment.

NWN submitted its 2016 Bighorn Springs grazing report, contained in NWN's 2017 Bighorn Springs Parcel Grazing Management Plan (Exhibit 1), to Colorado Parks and Wildlife and NRCS in October, 2016.

The Bighorn Springs Property was not grazed in 2016 since vegetation growth was not vigorous in the August planned grazing period due to lower than normal precipitation in July.

NWNA's 2017 grazing plan calls for a single grazing event to occur in August 2017. NWNA will work closely with CMC NRM and the agencies to evaluate if the land has received sufficient moisture and vegetative cover to allow for a grazing event in 2017.

2.4.14 Ruby Mountain Springs Land Management Plan

The County approved NWNA's Final Ruby Mountain Springs Parcel Land Management Plan on May 5, 2010.

According to the NWNA-County ROW dedication agreement, the County after coordination with NWNA applied dust suppression on CR300 adjacent to NWNA's Ruby Mountain Springs Parcel during May, 2014

NWNA did not observe noxious weed species on the property. The County did not notify NWNA of the presence of noxious weeds on the property, so NWNA did not perform weed mitigation during 2014.

NWNA performed removal of the old hatchery, habitat reclamation, and revegetation on the parcel in 2012. Revegetation was periodically inspected in 2016 and a monitoring report was prepared by CMC NRM. (See next section.) NWNA contracted with a local wildlife specialist to trap and relocate two beavers according to CP&W regulations in 2016 from the reconstructed channel/pond system due to repetitive damming of the channel and lower measuring weir that threatened washing out of the berm adjacent to the river.

Grazing has not been permitted on the property in accordance with the approved RMS Parcel Land Management Plan.

2.4.15 Habitat Reclamation of old Hatchery Site

The County approved NWNA's Final Ruby Mountain Springs Hatchery Restoration Plan on April 26, 2010. CMC NRM completed a site inventory and documentation on July 1, 2010. NWNA removed the residential structures, rubbish, the old fish hatchery building and associated non-fixed equipment and structures from the property in 2010. Fish were also removed from the hatchery ponds and raceways at the request of the Colorado Division of Wildlife (CDOW).

Upon completion of the stakeholder process, CMC NRM completed The Ruby Mountain Springs Hatchery Reclamation Plan and submitted the plan to the stakeholders, including the County, on January 20, 2012. NWNA received from the USACE a Nationwide 27 Stream and Wetlands Restoration Permit on February 1, 2012. Construction of the reclamation project was completed by the end of 2012. The USACE performed a final inspection of the restored habitat in the fall of 2013 and NWNA received a letter from the USACE dated February 7, 2014 confirming closure of this permit.

CMC performed a site inventory of the reclaimed habitat in summer and late fall of 2016 and prepared the NWNA Ruby Mountain Springs Annual Monitoring Report (see Exhibit 2). Vegetative growth was vigorous in 2016 with continued increase in

coverage and diversity being observed. The aquatic and riparian habitat continued to be occupied by wildlife including ducks, geese, kingfisher, muskrat, beaver, squirrels, deer and Bighorn Sheep. Significant numbers of mature and fingerling trout were observed the pond and stream channel system.

NWNA began conversations with The Nature Conservancy in 2016 and continued conversations with the Wild Sheep Foundation (WSF) exploring options for permanent conservation of its Ruby Mountains and Bighorn Springs properties. NWNA's will continue to explore options for conservation easements for these properties in 2017.

2.4.16 Surface and Groundwater Monitoring and Wetlands Monitoring

Surface and Groundwater Monitoring

The County approved NWNA's Final Surface- and Groundwater Monitoring and Mitigation Plan on May 5, 2010 which includes provision for wetlands monitoring of the Bighorn Springs property.

In support of this present report, NWNA submits copies of: (1) NWNA's 2016 Surface Water and Groundwater Monitoring (SWGWM) report (Exhibit 3), and (2) NWNA's 2016 Bighorn Springs Wetlands Monitoring (BHSWM) Report (Exhibit 4).

The SWGWM report presents flow data collected from the weir and flumes on the Ruby Mountain Springs and Bighorn Springs Parcels, water level data for the wells in the monitoring well network, water quality data from approved monitoring locations, local and regional precipitation data, Arkansas River flows, and irrigation diversions for ditches that flow onto the local aquifer. The report provides an analysis of seasonal water levels relative to previously monitored years, as well as an evaluation of any effects that NWNA's pumping causes on spring flow and water levels in nearby monitoring wells.

The report, similar to last year's report, demonstrates that NWNA's production pumping is detectable by very slightly reduced flows through the lower weir, and slightly lower water levels in immediately adjacent monitoring wells. Further, the monitoring data reveal no influence of NWNA's withdrawals on water levels in up-gradient monitoring wells on either the adjacent Cogan parcel or the Bighorn Springs parcel, thus demonstrating that NWNA's spring water production has only the predicted localized effect on aquifer water levels.

Water quality results for Ruby Mountain Springs throughout the long-term monitoring program for Ruby Mountain Springs (AECOM, 2010; SSPA, 2011; SSPA, 2012; SSPA, 2013; SSPA, 2014; SSPA 2015 SSPA 2016) show that spring water quality has remained consistently high.

Findings and Conclusions presented in the SWGWM report are summarized below:

Precipitation measurements at the Buena Vista 2S weather station were slightly below average for the 2016 water year compared to the long-term records, with the only significantly wet month being April 2016. As in the past, the effect of local precipitation in the Arkansas River Valley on the aquifer appears to be minimal.

The correlation between irrigation and groundwater levels has been noted previously for the Pinedale Outwash aquifer (ENSR/AECOM, 2008), and review of previous years timing of irrigation diversions with the timing and magnitude of water level increases, confirms this relationship. Total irrigation diversions were average compared to previous years.

Aquifer recharge via groundwater inflows from the mountains directly east of the Pinedale Outwash aquifer is significant. The closest SNOTEL precipitation monitoring station east of the Arkansas River is the Rough and Tumble station.. From a general perspective, the station shows that the peak SWE (snow water equivalent) for the 2015/2016 snowpack in the Mosquito Range was above average compared to the 30-year median (9.5 inches compared to 7.7 inches), and snowpack persistence was of average duration (221 days compared to 212 days).

During the 2016 water year, flows at the Ruby Mountain weir began the water year in November 2015 at a higher than average level, and continued the trend of the highest observed flows since monitoring began. The minimum flows from the Ruby Mountain springs weir were higher relative to previous seasonal observations; however, the maximum flows for the last quarter (August through October) were lower than the same period in 2015. Flows at the upstream Ruby Mountain Parshall Flume were above average...and the 2016 water year is the first season that flow through the upstream flume did not cease during the late spring and early summer. Surface flow at the Bighorn springs flumes is difficult to interpret in the high water level season due to the incomplete capture due to erosion around the gauges and overflow of physical changes occurring near the gauges, but flows were clearly higher than previous years.

Seasonal trends in groundwater levels in the Ruby Mountain Springs monitoring system were generally similar to those observed in previous water years with low levels from April through June and elevated levels from September through November. Minimum water levels were higher than all years previously recorded since 2008; however, peak water levels were lower than the previous two seasons. The declining trend that was present in the Pinedale Outwash Aquifer in the years 2008 to 2010 has not been observed since the water year 2011, and increasing trends have been observed since 2012.

Bighorn Springs Wetlands Monitoring

The 2016 BHSWM report presents the results of monitoring by CMC NRM of the conditions of the Bighorn Springs upland and wetlands conducted in 2016. Measurements of vegetative cover and species representation are presented. It can

be seen that from year to year the percentage of land cover within the same transect is quite variable. In several of the plots, vegetative cover appears to coincide with moisture in any given year. On average when the eight transects are considered, there was a decrease in vegetative coverage of about 8.9% in 2016 from the 2010-2015 average cover.

To reliably identify long-term trends, either the number of variables in an analysis needs to be small to limit the combined random variation, or it is necessary to collect a large amount of multi-year data. Several factors may introduce random variation and error or bias into monitoring data sets including: sampling variations (human error), long periods of wetter or dryer than normal years, unknown time period for plots to adjust from wetter or dryer than normal years, and heavier or lighter grazing. It is reasonable to expect that several additional sampling events/years will be necessary to reliably establish any trends in vegetation distribution and density throughout the site.

2.4.17 Education Endowment and Annual Programmatic Contributions

NWNA becomes an active corporate citizen in the communities in which we operate. From Chaffee County citizen input, NWNA focused its community partnering primarily in the area of education, but also supports other local causes including, recycling, conservation, emergency response, community health, and other community-specific events and needs. The following presents a brief summary of NWNA's 2016 community partnering in Chaffee County.

Support of Education

In December of 2009, NWNA funded the science education endowments to the Buena Vista Education Assistance Fund (BVCEAF) and to Support Our Schools Salida! (SOSS), each in the amount of \$250,000. Since the inception of these endowment funds, the BVCEAF has received more than \$95,315 and SOSS received more than \$103,768 in distributions for worthy education causes. During that same time, the principal balance of the BVCEAF remains at \$259,180 while the SOSS fund principal remains at \$257,398. The BVCEAF received \$13,971 in distribution from its endowment fund in 2016, whereas SOSS received \$16,768 in distribution in 2016.

Since the fund's inception, the BVCEAF awarded \$38,000 in scholarships to worthy students entering science-oriented college programs, including \$6,500 awarded to three students in 2016. Since the fund's inception, SOSS has awarded \$17,000 in scholarships, and awarded \$2,000 to two students in 2016.

The following table presents a summary of BVCEAF's grants made from the NWNA endowment distribution, as reported by BVCEAF.

Annual Report 2016: BVCEAF-Nestle Waters Science Education Endowment

Summary Denver Foundation Endowment Fund

Denver Foundation Ending Balance 7-16-2016	\$263,990.26
Investment Earnings	\$9,821.26
Less disbursement in August 2016	-\$13,971.45
Administration Fee	-\$659.88
Ending balance in September 2016	\$259,180.19

BVCEAF Account Balance as of 6-30-2016	\$621.40
2016-Denver Foundation Disbursement (August)	\$13,971.45
Total for 2016-2017 Grants/Scholarships	\$14,592.85

Scholarships Awarded Spring 2016

Student

Lukas Ommen	\$2,500
Samantha Scott	\$2,500
Jesse Stokes	\$1,500
Total Scholarships Awarded 2016	\$6,500

GRANTS Issued 2016

<u>PROJECT NAME/SCHOOL/TEACHERS</u>	<u>AMOUNT FUNDED</u>
<u>Jeff Keidel</u> Teaching Chemistry	\$1,043.95
<u>Kim Naegele</u> DNA Electrophoresis	\$1,729.02
<u>BVHS Group</u> Recycling	\$877.76
<u>Laurie Jacobson</u> Video Series/Worm Factory	\$468.20
<u>Rachel Friedman</u> Chemistry/Animal	\$1,010.72
	\$0.00
	\$0.00
Total Grants Funded 2016	\$5,129.65
Remaining Balance 2016-2017	\$9,463.20

Grants issued by the BVCEAF from the NWNA Endowment distribution in 2016 served students and faculty in three of the four of the schools in the Buena Vista School District. BVCEAF grants awarded in 2016 stimulated science primarily in the secondary school age group. A grant also added to the formal recycling program in the high school which NWNA fostered by providing school-wide recycling bins and storage in 2010. NWNA also contributed \$1,000 to the BVCEAF Science Endowment principal in 2016.

The following table presents SOSS's grant awards made in 2016 from the NWNA endowment distribution, as reported by SOSS.

Annual Report 2016: SOSS-Nestle Waters Science Education Endowment

Summary Denver Foundation Endowment Fund

Denver Foundation Beginning Balance 1-1-2016	\$262,877.41
Investment Earnings	\$13,889.31
Less disbursement in September 2016	-\$16,768.00
Less Administration Fee	-\$2,600.55
Ending balance December 2016	<u><u>\$257,398.17</u></u>

SOSS Nwana Account Balance as of 8-31-2016	\$6,903.00
2016-Denver Foundation Disbursement (September)	\$16,768.00
Total Funds Available for 2016-2017 Grants/Scholarships	<u><u>\$23,671.00</u></u>

Scholarships Awarded Spring 2016

Student

Ainsley Bright	\$1,000
Jesse Ortiz	\$1,000
Total Scholarships Awarded 2016	<u><u>\$2,000</u></u>

GRANTS Issued 2016

<u>TEACHER/SCHOOL/PROJECT NAME</u>	<u>AMOUNT FUNDED</u>
<u>Tamler/Salida Middle School</u>	\$1,000.00
Science Incubators	
<u>Horizons Exploratory Academy</u>	\$184.00
Physics Night	
<u>Lengrich/Longfellow Elementary School</u>	\$300.00
Raptor Program	
<u>Deher/Longfellow Elementary School</u>	\$403.00
Music Percussion Science	
<u>School District</u>	\$3,016.00
School Garden Program	
<u>Horizons Exploratory Academy</u>	\$665.00
Digital Microscope	
<u>Guidestone/School District</u>	\$5,000.00
School Garden to Cafeteria	
<u>School District</u>	\$900.00
Science of Instruments Performance	
<u>Salida Middle School</u>	\$4,000.00
100 Elk Camp for 5th Grade	
<u>Salida Middle School</u>	\$500.00
CMP user's conference	
<u>Salida Middle School</u>	\$500.00
Screenagers Movie 5th-8th grade	
Total Grants Funded 2016	<u><u>\$16,468.00</u></u>
Remaining Balance for Spring 2017	<u><u>\$5,203.00</u></u>

Grants issued by SOSS from the NWNA Endowment distribution in 2016 served students and faculty in all of the six schools in the Salida School District. The SOSS grants in 2016 supported education in wildlife, agriculture, health and nutrition, math and science of musical instruments. NWNA also contributed \$1,000 to the SOSS Science Endowment principal in 2016.

Community Partnering

In addition to supporting education and schools in Chaffee County, NWNA has remained an active supporter of other community organizations and activities. The following table summarizes the \$14,450 in financial contributions NWNA made to local organizations in 2016.

NWNA Chaffee County 2016 Donation Summary

Name of Organization/Event	Amount
Boys & Girls Clubs Chaffee County	\$1,500
Buena Vista Optimist Club	\$1,500
Buena Vista Community Education Assistance Fund	\$1,000
Buena Vista Chamber of Commerce	\$2,400
Buena Vista Chamber of Commerce	\$2,000
Collegiate Peaks Stampede Rodeo	\$650
Quilts of Valor	\$750
Salida Wrestling Association	\$750
Save our Schools Salida	\$1,000
Trout Unlimited	\$1,000
VFW Post 1166	\$2,000
Total:	\$14,450

NWNA contributed more than 11,800 bottles of water to Chaffee County organizations and events in 2016 as part of its programmatic giving. NWNA is pleased to have provided healthy hydration to so many worthy causes and organizations including emergency responders, local health fairs, schools and athletic clubs, and community fundraising events. (See following table.)

Nestle Waters 2016 Chaffee County Water Donations		
Organization/Event	Cases	Bottles
Arkansas Valley Car Club	20	480
Buena Vista ATV Historical	20	480
Buena Vista Autumn Color Run	38	912
Buena Vista Chamber of Commerce	6	144
Buena Vista Channel 9 Health Fair	17	408
Buena Vista Fire Protection	78	1,872
Buena Vista Gold Rush Days	6	144
Buena Vista High School After Prom	5	120
Buena Vista Optimist Club	17	408
Buena Vista Optimist Club - Golf Tournament Fundraiser	6	144
Buena Vista Rotary Club Bike Fest	4	96
Buena Vista Rotary Club Trick or Treat	8	192
Chaffee County Fire Protection	156	3,744
Colorado Department of Corrections	12	360
Collegiate Peaks Rodeo	20	480
Darren Patterson Christian Academy (Aim to Serve)	6	144
Salida Youth Wrestling	18	432
VFW Post 1166	54	1,296
Total:	491	11,856

Finally, according to NWNA's 1041 Permit hearing testimony, NWNA will continue its annual discretionary community programmatic support of worthy local organizations, events, and causes for as long as it operates in Chaffee County.

2.4.18 Right-of-Way

The NWNA-Chaffee County Right of Way (ROW) Agreement requires NWNA to re-iterate to the County in each Annual Report certain deed restrictions NWNA instituted when it granted to the County a right of way for County Road 300 through NWNA's properties. These deed restrictions require that the County notify NWNA annually of planned dust suppression, weed control, or construction activities on County Road 300 adjacent to NWNA's Bighorn Springs and Ruby Mountain Springs properties. The County notified NWNA in 2016 of its plans for application of dust suppression on CR 300 adjacent to the NWNA Bighorn Springs parcel, but not along the Ruby Mountain Springs parcel. NWNA agreed to the County's dust suppression compound, and application method and rate at ½ normal strength and the County completed that activity in May 2016. NWNA did not observe any noxious weeds on its properties along CR 300 and therefore did no weed mitigation along those ROWs. The County performed some minor road construction on CR 300 in 2016 to repair some erosion damage due to heavy rain near the lower pond on the Ruby Mountain Springs parcel in 2016.

The County Road and Bridge Superintendent indicated to NWNA's community relations consultant that the County will be applying dust suppression in May 2017 with the same method and at the same rate as in 2016 (pers. comm. February 7, 2017). NWNA hereby notifies the County that it would agree to the County applying dust suppression on CR 300 in 2017 along both NWNA properties as long as the same compound and application rate and method used in 2016 are used in 2017. NWNA requests notification from the County if it intends to modify its dust suppression procedures in 2017.

The County Road and Bridge Superintendent indicated that the County had no specific plans in 2016 for any road construction along CR 300, except for possible placement of a culvert adjacent to the Ruby Mountain Springs parcel near the Lower Pond to accommodate runoff along the north side of the road since a heavy rain event in 2016 caused damage to the roadway as well as on the NWNA property. The County has no specific plans for weed control along CR 300.

2.4.19 Wildlife Friendly Fencing

This condition is satisfied.

2.4.20 River Wade Fishing on Bighorn and Ruby Mountain Springs Parcels

On May 24, 2011, NWNA and CDOW finalized and signed permanent fishing easement agreement on the Ruby Mountain and Bighorn Springs parcels, to be managed by Colorado Parks and Wildlife. Colorado Parks and Wildlife installed an information sign in the Fisherman Parking Area next to the Ruby Mountain Springs site and posted additional signage in 2014 as part of its management of these easements.

2.4.21 Fishing Access on Bighorn Springs Parcel

On May 24, 2011, NWNA and CDOW finalized a permanent fisherman-parking-and-access easement agreement on the Bighorn Springs parcel, to be managed by Colorado Parks and Wildlife. Colorado Parks and Wildlife has completed construction of the access road, parking area, signage, and trail on the Bighorn Springs Parcel.

2.4.22 Pipeline Requirements

This condition is satisfied.

2.4.23 Buildings and Structures

NWNA did not construct or modify any buildings or structures in 2016.

2.4.24 Construction Conditions Imposed by Special Land Use Permit

NWNA did not perform any construction in 2016.

2.4.25 Local Construction Jobs and Local Purchasing

This 1041 Permit condition requires NWNA to hire local firms and purchase materials for the construction of the Ruby Mountain Springs Project to the degree that it is commercially practical. NWNA's corporate policy toward supporting the local

communities in which it operates supports the objective of this permit condition, and therefore in 2016 NWNA made every attempt at achieving local hiring and purchasing of materials for the project.

Construction Contractors & Material and Equipment Purchases

NWNA did not perform any construction in 2016, but did require the services and materials for system operation, maintenance, and equipment up-grade. These services and supplies were supplied to NWNA from local and non-local contractors and suppliers, as dictated by local availability. NWNA's local contractor and supply expenditures amounted to \$5,013, while NWNA's non-local contractor and supply expenditures for specialized equipment installation was \$15,615.

Professional Service Contractors

NWNA employed local professional service contractors including community relations, technical consulting, operations and monitoring assistance, etc., for the project in 2016 amounting \$73,208 of local expenditure. NWNA also employed non-local professional service contractors largely due to either their specialized service not available locally, or they were NWNA's national consultants (e.g. legal counsel, water resource specialists, etc.). In 2016, NWNA, in support of its Ruby Mountain Springs project, employed non-local specialized professional service and legal contractors totaling \$154,245.

NWNA's Other Local Spending

NWNA paid \$29,596 for local utilities associated with project operations in 2016. NWNA made payments in 2016 to the UAWCD for water augmentation in the amount of \$151,538. NWNA also paid \$8,099 to local service providers in 2016 for waste management, telecommunications, and other miscellaneous items.

NWNA, through its trucking contractor, endeavors to hire local truck drivers to make hauls of spring water to the NWNA Denver bottling plant. In 2016, 66% of the 3,155 trips to the bottling plant were made by local drivers whose pay totaled more than \$518,058.

NWNA's Taxes Paid

NWNA's 2013 real property taxes payable and paid in 2016 was \$33,550.

2.4.26 Local Drivers

In 2016, NWNA's trucking contractor (DG Coleman) employed 13 drivers to haul water from the NWNA TLF to the Denver Bottling Plant. (NWNA did not utilize a mid-trip, drop-and-pick up, scenario for trucking during 2016.) Of the 13 drivers employed, 9 were local. Local drivers conducted 2,089 round-trips, and non-local drivers conducted 1,066 round-trips.

NWNA and its trucking contractor have made continuous efforts since May 13, 2010 to recruit local drivers. In 2016, NWNA and DG Coleman placed 71 advertisements in the following media sources: The Craigslist; Gary's Job Board; Facebook; Google;

Mountain Mail; and Select Staffing. Coleman also offered a \$2,500 signing bonus and referral bonuses.

During the time period January 1, 2016 through December 31, 2016, NWNAs trucking contractor received 13 applications for employment from Chaffee County residents. Nine of the applicants did not meet the driving qualifications of the contractor, and 4 were hired.

More detailed information regarding NWNAs 2016 trucking operations is presented in Exhibit 5.

2.4.27 Project Impacts Related to Well Pumping

Condition is County permit proviso. No submittal is required.

2.4.28 Augmentation Water Source Restrictions

Nestlé operated wells RMBH2 and RMBH3 from January 1, 2016 until December 31, 2016 pursuant to the terms of the augmentation certificates issued by UAWCD. The sources of supply during that period were the sources set forth in the Upper Arkansas Water Conservancy District plan for augmentation summarized in 06CW32. The State Engineer confirmed that the Nestlé wells are included in the Upper Arkansas Water Conservancy District's ("UAWCD") regional augmentation plans as decreed in Case Nos. 92CW84, 94CW5, 94CW41, 94CW42, 96CW17, 03CW55 and 06CW32 (Exhibits 6 and 7).

2.4.29 Limitation on Project Depletions

This permit condition requires that NWNAs water depletions to the Arkansas River be limited to the net amount (196.0 acre-feet which accounts for transit losses) of replacement water available to the Arkansas River in time, place and amount and that releases of augmentation water comply with the terms contained in NWNAs 1041 Permit as specified in Chaffee County Resolution 2013-35 for NWNAs augmentation source provider UAWCD. NWNAs compliance with the water augmentation operational terms of the 1041 Permit is presented in NWNAs monthly reports to Chaffee County and in NWNAs 2016 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6).

2.4.30 Approved Augmentation Plan Required

Nestlé operated wells RMBH2 and RMBH3 from January 1, 2016 until December 31, 2016 pursuant to the terms of the augmentation certificates issued by UAWCD. The sources of supply during that period were the sources set forth in the Upper Arkansas Water Conservancy District plan for augmentation summarized in 06CW32. The State Engineer confirmed that the Nestlé wells are included in the Upper Arkansas Water Conservancy District's ("UAWCD") regional augmentation plans as decreed in Case Nos. 92CW84, 94CW5, 94CW41, 94CW42, 96CW17, 03CW55 and 06CW32.

2.4.31 Augmentation Water Delivery Restrictions

This 1041 Permit condition requires that NWNAs depletions be replaced by augmentation water released up-stream of the Ruby Mountain Springs on the

Arkansas River. NWNA's compliance with this permit condition is presented in NWNA's 2016 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6).

2.4.32 Accounting and Reporting for Augmentation Water Source

NWNA has provided the County with monthly reports presenting the UAWCD's water operations on the Arkansas River and augmentation of NWNA's depletions which demonstrate NWNA's compliance with this permit condition. NWNA's compliance during 2016 with this water augmentation operational term of the 1041 Permit is summarized in the UAWCD District Supply and Demands Report (Exhibit 8).

2.4.33 Pumping Well Operational Restrictions

Based on the County approval of TR #11, this 1041 Permit condition now allows for NWNA to operate RMBH2 and RMBH3 simultaneously, but limits diversions from the wells to 200 gallons per minute, 1 acre-foot per day, and 16.6 acre-feet per month.

In 2016, NWNA operated RMBH3 as the primary production well. RMBH-2 was only pumped only for the collection of water quality samples on March 3, 2016. NWNA produced 78.362 acre-feet of water from RMBH-3 in 2016. NWNA has provided the County with monthly reports presenting NWNA's pumping, and NWNA's 2016 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6) summarizes these data. Of the 78.362 acre-feet of water pumped from RMBH-3 NWNA transported 78.018 acre-feet to the Denver Plant for bottling in 2016.

In 2016, NWNA's diversions from RMBH2 and RMBH3 complied with the provisions of this permit condition not exceeding the daily limit of 1 acre-foot or the monthly limit of 16.6 acre-feet. NWNA operated its production wells according to these limits.

2.4.34 Construction of Pumping Wells

NWNA constructed RMBH2 and RMBH3 in accordance with the County-approved provisions of the Technical Revision to the 1041 Permit.

2.4.35 Surface Water Flow Measurements

NWNA 2016 Surface Water and Groundwater Monitoring Report (Exhibit 3) presents a reporting of required surface flow measurements taken during 2016 from the required locations on the Ruby Mountain Springs Parcel ("Lower Weir" and "Upper Flume"). That report also presents surface water flow data for two locations on the Bighorn Springs Parcel ("Parshall-1" and "Parshall-3"), the Arkansas River, and irrigation ditch diversions relevant to the Ruby Mountain Springs aquifer.

From the SWGWM Report it can be concluded that surface water flow at the Ruby Mountain Springs is predominantly controlled by seasonal groundwater level fluctuations. Further, NWNA has demonstrated that production pumping from RMBH-3 has a measureable, though very minor, effect on flows at the Ruby Mountain Springs.

Also from the SWGWM Report it can be concluded that surface water flows at Bighorn Springs are controlled by seasonal groundwater level fluctuations. No influence of NWNAs water withdrawals at the Ruby Mountain Springs on the surface water flows or groundwater levels at the Bighorn Springs is detectable.

2.4.36 Suspension of Pumping - Adverse Effects on Reconstructed Wetlands

NWNA completed its habitat reclamation project in 2012. The restored habitat has been monitored since 2014 to evaluate the success of revegetation and function of created habitat and the results have been outstanding. Sufficient success of the re-established habitat was observed that the USACE closed out its reclamation permit ahead of the full monitoring term in early 2014.

NWNA's 2016 Surface Water and Groundwater Monitoring Report (Exhibit 3) demonstrates that production pumping from RMBH3 has a measureable, but very minor, effect on spring flows consistent with studies conducted prior to permitting of operations. Therefore, NWNA does not anticipate the need for suspension of operations. In compliance with NWNA's 1041 Permit, monitoring of groundwater levels and spring flows in relation to water withdrawals will continue to be made on a systematic basis during operations in order to evaluate and mitigate any negative effect on the Ruby Mountain Springs and associated wetlands.

2.4.37 Inclusion of Reconstructed Wetlands in SWSP or Augmentation Plan

NWNA has not included reconstructed wetlands augmentation in any of its SWSPs or its augmentation plan with UAWCD since the habitat reclamation project entailed a significant reduction in water surface area and consumptive water use (1,150 cubic feet per year). NWNA does not anticipate the need for augmentation in the future for the reclaimed habitat at the old hatchery site since the habitat continues to flourish.

2.4.38 Cessation of Diversions upon Termination

The UAWCD augmentation water for NWNA's Ruby Mountain Springs operations remained in full force and effect in 2016. NWNA's 1041 Permit term remains effective through October 22, 2019.

2.4.39 Restrictions on Acquisition of Additional Water Rights in County

In 2016, NWNA relied on UAWCD augmentation plan water solely to replace depletions. The NWNA-UWACD lease has not been amended or modified in any way.

2.4.40 Water Rights Filing and Administration Costs

NWNA continues to operate its production wells under the UAWCD augmentation plan and anticipates no future water court filings throughout the term of its 35-year lease with UAWCD. Notwithstanding, NWNA will continue to maintain sufficient funds in its Chaffee County Reimbursement Account to cover the County's expenses associated with review of any changes to NWNA's water augmentation.

2.4.41 Trout Creek Pass Improvements Lobbying

NWNA did not receive notification or request from Chaffee County regarding lobbying actions with CDOT for improvements to US Highway 285 in 2016. Therefore, NWNA did not directly or indirectly lobby CDOT for such improvements in 2016. However, CDOT completed construction of east-bound passing (uphill climbing) lanes on Trout Creek Pass in 2016. These lanes now provide opportunities for faster moving traffic to safely pass slower moving traffic including loaded NWNA transports.

2.4.42 Limits on Truck Traffic

This permit condition places certain restrictions on NWNA's trucking activity to limit impacts on the Trout Creek Pass portion of US Highway 285. These limitations include no more than 25 loaded trucks per day, with no more than two trucks per hour. During the restricted peak-hours period of 1:00 am to 6:00 pm from the Friday of Memorial Day weekend through the Labor Day weekend, truck traffic is limited to no more than two loaded trucks per hour, with an average of one truck per hour for the peak-hours period of each day.

Detailed information regarding NWNA's 2016 trucking operations is presented in Exhibit 5. NWNA made a total 3,155 truck trips in 2016 from the Truck Loading Facility to the Denver Bottling Plant. NWNA utilized 8,200-gallon tankers in 2016.

The average daily volume of NWNA's truck traffic over the course of 2016 was approximately 8.6 trips per day. The maximum number of tanker trips on any given day in 2016 was 19. (In 2014, NWNA's Process Logic Controller (PLC computer) at its Truck Loading Facility in Johnson Village was programmed to allow the filling of no more than 1 truck per hour during the seasonally restricted dates and times.) The maximum number of truck trips for the 7-hour period for any day during the restricted period was 2 and the average trucking volume for the 7-hour restricted period was no more than 1 truck per hour. NWNA's is not aware of any violations of the limitations of this permit condition.

2.4.43 Emission Standards

NWNA employed the use of tanker trucks for its water shipments meeting the sample specifications that were submitted as part of the initial 1041 Application and subsequent Technical Revision (TR #7). In 2016, NWNA used only late-model tractors meeting all federal and state emission standards. Two 500 horse power tractor models were used in 2016. The average age of the tractor fleet was 1.2 years which surpasses the 2007 permitted platform. The oldest tractor used during 2016 was a 2014 model. More detailed information regarding NWNA's 2014 trucking operations is presented in Exhibit 5.

2.4.44 No Idling During Loading

In compliance with its Permits, NWNA has not allowed its trucks to idle during loading. Limited idling only occurs as required for cold-weather start-up.

2.4.45 Emergency River Access

NWNA completed construction and revegetation of the emergency river access in the summer of 2010. This condition is completely satisfied.

2.4.46 River Crossing Revegetation and CDOW Approval

The CDOW conducted a final review of the revegetation of the river crossing and provided a letter of approval to the County dated August 30, 2010. This condition is completely satisfied.

2.4.47 River Crossing Construction Plans

NWNA completed construction of the pipeline crossing of the Arkansas River under the provision of a USACE General Permit 12 and NWNA's Amended 1041 permit before the March 15, 2010 deadline. The CDOW conducted a final review of the revegetation of the river crossing and provided a letter of approval to the County dated August 30, 2010. The USACE approved closure of the General Permit 12 on September 25, 2012. This condition is completely satisfied.

2.4.48 Army Corps of Engineers

NWNA completed the pipeline river crossing construction and revegetation in 2020 in accordance with USACE General Permit 12 (SPA-2008-00255-SCO; March 2, 2010). The USACE approved closure of the General Permit 12 on September 25, 2012. This condition is completely satisfied.

2.4.49 Town of Buena Vista Water Pipeline

NWNA completed construction in 2010 of the pipeline for the Town of Buena Vista in accordance with the USACE General Permit 12 and County-approved plans and requirements. NWNA understands that all required easement agreements have been submitted to the County by the affected parties. This condition is completely satisfied.



2017 Annual Report

**Nestlé Waters North America Inc.
Chaffee County 1041 Permit**

**Submitted
March 20, 2018**

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LIST OF EXHIBITS:

- EXHIBIT 1 – NWNA 2017 Bighorn Springs Grazing Management Plan**
- EXHIBIT 2 – NWNA 2017 Ruby Mountain Springs Annual Monitoring Report**
- EXHIBIT 3 – NWNA 2017 Surface Water and Groundwater Monitoring Report,
Chaffee County, Colorado**
- EXHIBIT 4 – NWNA 2017 Bighorn Springs Wetlands Monitoring Report**
- EXHIBIT 5 – NWNA's 2017 Summary Trucking Operations**
- EXHIBIT 6 – NWNA's 2017 Annual Accounting Report Regarding Well Pumping
Operations and Augmentation Releases**
- EXHIBIT 7 – Legal Documents Related to UAWCD's Augmentation of NWNA's
Production Wells in 2017**
- EXHIBIT 8 – NWNA's 2017 Accounting Upper Arkansas Water Conservancy District
Supply and Demands**

CERTIFICATION OF ANNUAL REPORT

NWNA is pleased to submit its 1041 Permit Annual Report for 2017 to Chaffee County, and by signing below, I certify that the information contained herein represents NWNA's activities in Chaffee County and demonstrates NWNA's continued compliance with its Permits in 2017. If the County needs clarification of the information presented herein, or additional information to meet compliance with the 1041 Permit Condition for Annual Reporting, please contact me.

Sincerely,

Bruce Lauerman RG, CHG
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Nestlé Waters North America
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1.0 INTRODUCTION

Nestle Waters North America (NWNA) applied to Chaffee County (County) for a 1041 Permit and Special Land Use Permit (Permits) in November 2008 to construct and operate a spring water withdrawal and transport project (Project) at the Ruby Mountain Springs in Chaffee County. The County granted approval of NWNA's Permits on September 23, 2009. In accordance with Section 4.8 of the 1041 Permit, NWNA must submit an Annual Report to Chaffee County regarding its compliance with its Permits as well as its operations and activities in Chaffee County.

This report covers NWNA's operations and activities from January 1 through December 31, 2017, (Report Period). For continuity, this 2017 Annual Report may contain information addressing NWNA's compliance with all requirements specified in the Permits for the Reporting Period as well as up through the date of this report.

2.0 COMPLIANCE WITH 1041 PERMIT CONDITIONS

NWNA presents this annual report in accordance with recommendations of County staff made in the review letter dated April 7, 2010. NWNA's 2017 activities and compliance with 1041 permit conditions are presented subsequently being organized by condition number (e.g. Section 4.1) as presented in Chaffee County Resolution 2009-42 and as amended by Resolution 2010-20, and Resolution 2013-35.

2.4.1 Scope of Permit

Condition is County proviso. No submittal is required.

2.4.2 Technical Revision or Permit Amendment

According to NWNA's 1041 Permit Section 5.1, NWNA may seek and be granted by the County Technical Revisions to its Permits and permit conditions if certain provisions in permit Section 5 are met. Additionally, according to Section 5.2 NWNA may seek and be granted by the County an amendment to its Permits if provisions within Section 5 are met. NWNA has applied for 12 Technical Revisions and received approval for 11 Technical Revisions to date. NWNA has also received 2 Permit Amendments subsequent to initial issuance of NWNA's Permits granted by Resolutions 2009-42 and 2009-43.

Pending TR#12: Revisions to Surface Water and Groundwater Reporting

In December 2014, after 5 years of operations and reporting compliance, NWNA applied for a reduction in reporting frequency of its surface water and groundwater monitoring data. This proposed reduction in reporting frequency does not change the frequency of NWNA's surface water and groundwater measurements. Also, NWNA requested that reporting from one of its 10 required monitoring wells be eliminated due to overlap of information from nearby monitoring wells. Finally, NWNA requested the surface flow measurements from surface structures (flumes and a weir) be replaced by measurements taken from nearby monitoring wells to eliminate reliance on erratic data from the surface structures which are subject to frequent clogging due to beaver activity and erosion. This Technical Revision has been under review by the County until recently. In January 2018, NWNA requested the County hold on further review of TR#12 while NWNA re-evaluates the TR#12 scope.

2.4.3 Dispute Resolution

There are no NWNA-County disputes and no submittal is required.

2.4.4 Term of Permit

NWNA's Chaffee County 1041 Permit expires on October 22, 2019, unless extended by the Chaffee County Board of County Commissioners (BOCC).

2.4.5 Commencement of Project

NWNA has fully satisfied this permit condition.

2.4.6 Transfer of Permit

NWNA does not request a transfer of, nor has it transferred, its rights under this Permit to any parties.

2.4.7 Permit Violation

NWNA has not been notified by Chaffee County, or any other permit authority, of any violations of permits.

2.4.8 Annual Reporting

This report is submitted to Chaffee County for 2017 in compliance with this condition.

2.4.9 Hagen Exception

The metes and bounds description of the Hagen exclusion to the NWNA 1041 Permit Application has not changed. NWNA took no action on this exclusion in 2017. The land covered by the exclusion is grazed according to the NWNA's 2017 Grazing Management Plan.

2.4.10 Financial Security

NWNA continues to maintain the Reimbursement Fund to cover County costs associated with administration of NWNA's 1041 Permit.

2.4.11 Compliance with Other Permits

NWNA is and has been in compliance with all permits associated with its Chaffee County operations issued to date.

2.4.12 Cost Reimbursement Fund and Application Review Costs

In compliance with this section of the 1041 Permit, NWNA has maintained its Cost Reimbursement Fund balance per County requirements. The following table contains an accounting of the NWNA Reimbursement Fund during 2017 as received from the Chaffee County Finance Director.

Chaffee County - Nestle Waters 2017 Reibursement Fund Report

Date	Vendor / Description	Payments	Receipts	Balance
12/16/2017	Interest		216.72	\$158,364
11/16/2017	Interest		219.81	\$158,147
10/16/2017	Interest		208.06	\$157,928
9/16/2017	Interest		208.59	\$157,720
8/16/2017	Interest		199.71	\$157,511
7/16/2017	Interest		182.58	\$157,311
6/16/2017	Interest		180.09	\$157,129
5/16/2017	Interest		168.56	\$156,949
4/16/2017	Interest		161.95	\$156,780
3/16/2017	Interest		142.85	\$156,618
2/16/2017	Interest		158.03	\$156,475
1/16/2017	Interest		151.47	\$156,317

2.4.13 Bighorn Springs Land Management Plan

The County approved NWNA's Final Bighorn Springs Parcel Land Management Plan on May 5, 2010.

According to the NWNA-County ROW dedication agreement, the County after coordination with NWNA applied dust suppression on CR300 adjacent to the Bighorn Springs Parcel during May, 2017.

NWNA did not observe noxious weeds on the property and did not receive notification from the County concerning noxious weeds, so conducted no weed control on the parcel.

The Colorado Mountain College Natural Resources Management department (CMC NRM) prepared NWNA's 2018 Bighorn Springs Grazing Management Plan. The plan was submitted to Colorado Division of Wildlife (CDOW), the Natural Resources Conservation Service (NRCS), and the County which was approved in March 2018 after no written comment.

NWNA submitted its 2018 Bighorn Springs grazing report, contained in NWNA's 2018 Bighorn Springs Parcel Grazing Management Plan (Exhibit 1), to Colorado Parks and Wildlife and NRCS in October, 2017.

The Bighorn Springs Property was not grazed in 2017 since vegetation growth was not vigorous in the August planned grazing period due to lower than normal precipitation in July.

NWNA's 2018 grazing plan calls for a single grazing event to occur in August 2018. NWNA will work closely with CMC NRM and the agencies to evaluate if the land has received sufficient moisture and vegetative cover to allow for a grazing event in 2018. However, the availability of livestock to graze for short periods of time in mid-summer continues to be an obstacle. NWNA is working with CMC NRM and others to explore

alternative mechanical methods to achieve the land management goals expected from grazing.

2.4.14 Ruby Mountain Springs Land Management Plan

The County approved NWNA's Final Ruby Mountain Springs Parcel Land Management Plan on May 5, 2010.

According to the NWNA-County ROW dedication agreement, the County after coordination with NWNA applied dust suppression on CR300 adjacent to NWNA's Ruby Mountain Springs Parcel during May, 2017.

NWNA did not observe noxious weed species on the property. The County did not notify NWNA of the presence of noxious weeds on the property, so NWNA did not perform weed mitigation during 2017.

NWNA performed removal of the old hatchery, habitat reclamation, and revegetation on the parcel in 2012. Revegetation has been periodically inspected. A 2017 monitoring report was prepared by CMC NRM. (See next section.) NWNA contracted with a local wildlife specialist to trap and remove beavers according to CP&W regulations in 2017 from the reconstructed channel/pond system due to repetitive damming of the channel and lower measuring weir that rechanneled water flow and threatened washing out the berm adjacent to the river.

Grazing has not been permitted on the property in accordance with the approved RMS Parcel Land Management Plan.

2.4.15 Habitat Reclamation of old Hatchery Site

The County approved NWNA's Final Ruby Mountain Springs Hatchery Restoration Plan on April 26, 2010. CMC NRM completed a site inventory and documentation on July 1, 2010. NWNA removed the residential structures, rubbish, the old fish hatchery building and associated non-fixed equipment and structures from the property in 2010. Fish were also removed from the hatchery ponds and raceways at the request of the Colorado Division of Wildlife (CDOW).

Upon completion of the stakeholder process, CMC NRM completed The Ruby Mountain Springs Hatchery Reclamation Plan and submitted the plan to the stakeholders, including the County, on January 20, 2012. NWNA received from the USACE a Nationwide 27 Stream and Wetlands Restoration Permit on February 1, 2012. Construction of the reclamation project was completed by the end of 2012. The USACE performed a final inspection of the restored habitat in the fall of 2013 and NWNA received a letter from the USACE dated February 7, 2014 confirming closure of this permit.

CMC performed a site inventory of the reclaimed habitat in summer and late fall of 2017 and prepared the NWNA Ruby Mountain Springs 2017 Annual Monitoring Report (see Exhibit 2). Vegetative growth was vigorous in 2017 with continued increase in coverage and diversity being observed. The aquatic and riparian habitat

continued to be occupied by wildlife including ducks, geese, kingfisher, raptors, muskrat, beaver, squirrels, deer and Bighorn Sheep. Significant numbers of trout of all life stages continue to be observed the pond and stream channel system.

Over the past several years NWNA has had conversations with various entities regarding holding a permanent conservation easement on the Ruby Mountain and Bighorn Springs properties. NWNA's will continue to explore options for conservation easements for these properties in 2018.

2.4.16 Surface and Groundwater Monitoring and Wetlands Monitoring

Surface and Groundwater Monitoring

The County approved NWNA's Final Surface- and Groundwater Monitoring and Mitigation Plan on May 5, 2010 which includes provision for wetlands monitoring of the Bighorn Springs property.

In support of this present report, NWNA submits copies of: (1) NWNA's 2017 Surface Water and Groundwater Monitoring (SWGWM) report (Exhibit 3), and (2) NWNA's 2017 Bighorn Springs Wetlands Monitoring (BHSWM) Report (Exhibit 4).

The SWGWM report presents flow data collected from the weir and flumes on the Ruby Mountain Springs and Bighorn Springs Parcels, water level data for the wells in the monitoring well network, water quality data from approved monitoring locations, local and regional precipitation data, Arkansas River flows, and irrigation diversions for ditches that flow onto the local aquifer. The report provides an analysis of seasonal water levels relative to previously monitored years, as well as an evaluation of any affects that NWNA's pumping causes on spring flow and water levels in nearby monitoring wells.

The report, similar to previous year's reports, demonstrates that NWNA's production pumping is detectable by only very slight, reduced flows through the Lower Weir, and slightly lower water levels in immediately adjacent monitoring wells. Conversely, recovery of flows in the Lower Weir and water levels in immediately adjacent monitoring wells can be seen associated with pumping cessation events. Further, the monitoring data reveal no influence of NWNA's withdrawals on water levels in up-gradient monitoring wells on either the adjacent Cogan parcel or the Bighorn Springs parcel, demonstrating that NWNA's spring water production continues to have only the predicted, minimal and localized effect on aquifer water levels.

Water quality results for Ruby Mountain Springs throughout the long-term monitoring program for Ruby Mountain Springs (AECOM, 2010; SSPA, 2011; SSPA, 2012; SSPA, 2013; SSPA, 2014; SSPA, 2015; SSPA, 2016 and SSPA, 2017) show that spring water quality has remained consistently high and has not been adversely impacted by NWNA operations.

Bighorn Springs Wetlands Monitoring

The 2017 BHSWM report presents the results of monitoring by CMC NRM of the conditions of the Bighorn Springs upland and wetlands conducted in 2017.

Measurements of vegetative cover and species representation are presented. It can be seen that from year to year the percentage of land cover within the same transect continues to be quite variable. In several of the plots, vegetative cover appears to coincide with moisture in any given year. On average when the eight transects are considered, there was a decrease in vegetative coverage of about 2.2% in 2017 from the 2010-2016 average cover.

To reliably identify long-term trends, either the number of variables in an analysis needs to be small to limit the combined random variation, or it is necessary to collect a large amount of multi-year data. It is reasonable to expect that several additional sampling events/years may be necessary to reliably establish any trends in vegetation distribution and density throughout the site.

2.4.17 Education Endowment and Annual Programmatic Contributions

NWNA becomes an active corporate citizen in the communities in which we operate. From Chaffee County citizen input, NWNA focused its community partnering primarily in the area of education, but also supports other local causes including, recycling, conservation, emergency response, community health, and other community-specific events and needs. The following presents a brief summary of NWNA's 2017 community partnering in Chaffee County.

Support of Education

In December of 2009, NWNA funded science education endowments to the Buena Vista Education Assistance Fund (BVCEAF) and to Support Our Schools Salida! (SOSS), each in the amount of \$250,000. Since the inception of these endowments, the BVCEAF has received more than \$107,344, and SOSS received more than \$115,430, in distributions for worthy education causes. During that same time, the principal balance of the BVCEAF has grown to \$280,538, while the SOSS fund principal fell to \$241,795 due to higher annual distribution requested by SOSS. The BVCEAF received \$13,148 in distribution from its endowment fund in 2017, and SOSS received \$15,603 in distribution in 2017.

Since the fund's inception, the BVCEAF awarded \$44,500 in scholarships to worthy students entering science-oriented college programs, including \$6,500 awarded to three students in 2017. Since the fund's inception, SOSS has awarded \$19,000 in scholarships, and awarded \$2,000 to two students in 2017.

Grants issued by the BVCEAF from the NWNA Endowment distribution in 2017 served students and faculty in two of the four of the schools in the Buena Vista School District. BVCEAF grants awarded in 2017 stimulated science in the secondary school age group.

Grants issued by SOSS from the NWNA Endowment distribution in 2017 served students and faculty in three of the six schools in the Salida School District. The SOSS grants in 2017 supported education in health, math, science, and technology.

The following tables present a summary of BVCEAF's and SOSS's grants made from the NWNA endowment distribution as reported by the non-profits.

Annual Report 2017: BVCEAF-Nestle Waters Science Education Endowment

Summary Denver Foundation Endowment Fund

Beginning fund balance - July 2017	\$259,180
Investment earnings	\$36,566
Denver foundation admin fee	(\$2,060)
less disbursement to the BVCEAF	(\$13,148)
ending balance-Denver Foundation	\$280,538

Activity within the BVCEAF

Carry over from close of 6-30-2017 (fiscal year end)	\$3,193
Add funding from Denver Foundation - August 2017	\$13,148
Amount available	\$16,341

Scholarships awarded Spring of 2017

Jared Brown	\$2,000
Jesse Young	\$1,500
Berlin Vaness	\$3,000
Total scholarships awarded	\$6,500

Grants awarded in November of 2017

NAME	AMOUNT FUNDED	COMPANY/FOR
Margaret Hankins MMS - Health Reality	\$4,691	Reality Baby, computerized babies for health class
Greg Hogan BHS - Volcanoes Ruins New Mexico	5837	educational series on New Mexico
Total grants awarded:	\$5,528	

Annual Report 2017: SOSS-Nestle Waters Science Education Endowment

Summary Denver Foundation Endowment Fund

Denver Foundation Beginning Balance 2017	\$257,398
Less disbursement in September 2017	\$15,603
Ending balance 2017	\$241,795

SOSS NWNA Account Balance as of 8-31-2017	\$5,203
2016-Denver Foundation Disbursement (September)	\$15,603
Total Funds Available for 2017-2018 Grants/Scholarships	\$20,806

Scholarships Awarded Spring 2017

Student	
Ian Olson	\$1,000
Cory Davis	\$1,000
Total Scholarships Awarded 2016	\$2,000

GRANTS Issued 2017

<u>TEACHER/SCHOOL/PROJECT NAME</u>	<u>AMOUNT FUNDED</u>
<u>Rahe/Longfellow Elementary School</u>	\$930
Circuit Sets	
<u>Longfellow Elementary School</u>	\$1,005
Science Motion – Second Grade	
<u>McKenna/LES</u>	\$1,021
Lego Robotics	
<u>Longfellow Elementary School</u>	\$689
Force in Motion – Kindergarten	
<u>Longfellow Elementary School</u>	\$100
Maps and Globes – Kindergarten	
<u>Sather/Longfellow Elementary School</u>	\$500
Camp Intervention	
<u>Longfellow Elementary School</u>	\$500
Outdoor Canopy for Playground	
<u>Salida Middle School</u>	\$695
Lego Robotics	
<u>Carpenter/Longfellow Elementary School</u>	\$1,500
STEM club	
<u>Johnson/Longfellow Elementary School</u>	\$147
Push Pull Activity	
<u>Smekle/Longfellow Elementary School</u>	\$1,065
Interface Technology	
<u>Longfellow Elementary School</u>	\$1,280
Chromebook Assistance	
<u>Jonke , Jones/Salida Middle School</u>	\$700
Swivel Camera	
<u>Salida Middle School</u>	\$1,530
STEM workshop	
Total Grants Funded 2017	\$11,662.00
Remaining Balance for Spring 2018	\$7,144.00

Community Partnering

In addition to supporting education and schools in Chaffee County, NWNA has remained an active supporter of other community organizations and activities. The following table summarizes the \$11,150 in financial contributions NWNA made to local organizations in 2017.

NWNA Chaffee County 2017 Donation Summary

NWNA Chaffee County 2017 Donation Summary	
Organization/Event	Amount
Boys & Girls Clubs Of Chaffee	\$1,000
Buena Vista Chamber of Commerce	\$2,400
Buena Vista Chamber of Commerce	\$2,000
Buena Vista Heritage	\$2,000
Collegiate Peaks Stampede Rodeo	\$1,000
Quilts of Valor Foundation	\$750
The Optimist Club of Buena Vista	\$2,000
TOTAL:	\$11,150

NWNA contributed nearly 18,300 bottles of water to Chaffee County organizations and events in 2017 as part of its programmatic giving. NWNA is pleased to have provided healthy hydration to so many worthy causes and organizations including emergency responders, local health fairs, schools and athletic clubs, and community fundraising events. (See following table.)

Nestle Waters 2017 Chaffee County Water Donations		
Organization/Event	Cases	Bottles
Arkansas Valley Car Club/BV Events Cooperative Car Show	10	400
Autumn Color Run	34	1,360
Buena Vista Fire Department	234	7,956
BV Chamber of Commerce ATV Historic Color Tour	16	640
BV Chamber of Commerce Gold Rush Days	3	120
BV Heritage Museum	6	240
BV Optimist Club 2017 9Health Fair	14	336
BV Optimists Golf Tournament	10	400
BV Rotary Bikefest	22	704
BV School After Prom Class of 2017	8	200
BV School District	10	400
City of Buena Vista Emergency Services/Public Safety	108	4,320
CKS Paddlefest 2017 /Chaffee County Search & Rescue North	25	800
Collegiate Peaks Stampede Rodeo	13	416
TOTAL:	513	18,292

Finally, according to NWNA's 1041 Permit hearing testimony, NWNA will continue its annual discretionary community programmatic support of worthy local organizations, events, and causes for as long as it operates in Chaffee County.

2.4.18 Right-of-Way

The NWNA-Chaffee County Right of Way (ROW) Agreement requires NWNA to re-iterate to the County in each Annual Report certain deed restrictions NWNA instituted when it granted to the County a right of way for County Road 300 through NWNA's properties. These deed restrictions require that the County notify NWNA annually of planned dust suppression, weed control, or construction activities on County Road 300 adjacent to NWNA's Bighorn Springs and Ruby Mountain Springs properties. The County notified NWNA in 2017 of its plans for application of dust suppression on CR 300 adjacent to the NWNA Bighorn Springs parcel, but not along the Ruby Mountain Springs parcel. NWNA agreed to the County's dust suppression compound, and application method and rate at ½ normal strength and the County completed that activity in July 2017. NWNA did not observe any noxious weeds on its properties along CR 300 and therefore did no weed mitigation along those ROWs.

The County Road and Bridge Superintendent indicated to NWNA's community relations consultant that the County will be applying dust suppression in May 2018 with the same method and at the same rate as in 2017 (pers. comm. February 23, 2018). NWNA hereby notifies the County that it would agree to the County applying dust suppression on CR 300 in 2018 along both NWNA properties as long as the same compound and application rate and method used in 2017 are used in 2018. NWNA requests notification from the County if it intends to modify its dust suppression procedures in 2018.

The County Road and Bridge Superintendent indicated that the County has plans to install a traffic signal along CR 300 adjacent to NWNA's Ruby Mountain Springs property near the pump houses in 2018. This project will include setting a concrete pad for the signal and shallow burying of an electrical conduit along the river side of CR 300 in the ROW to connect with the other signal which will be installed downstream near the CP&W fishing easement parking lot. The County has no specific plans for other road construction or weed control along CR 300 for 2018.

2.4.19 Wildlife Friendly Fencing

This condition is satisfied.

2.4.20 River Wade Fishing on Bighorn and Ruby Mountain Springs Parcels

On May 24, 2011, NWNA and CDOW finalized and signed permanent fishing easement agreement on the Ruby Mountain and Bighorn Springs parcels, to be managed by Colorado Parks and Wildlife. Colorado Parks and Wildlife installed an information sign in the Fisherman Parking Area next to the Ruby Mountain Springs site and posted additional signage in 2014 as part of its management of these easements.

2.4.21 Fishing Access on Bighorn Springs Parcel

On May 24, 2011, NWNA and CDOW finalized a permanent fisherman-parking-and-access easement agreement on the Bighorn Springs parcel, to be managed by Colorado Parks and Wildlife. Colorado Parks and Wildlife has completed construction of the access road, parking area, signage, and trail on the Bighorn Springs Parcel.

2.4.22 Pipeline Requirements

This condition is satisfied.

2.4.23 Buildings and Structures

NWNA did not construct or modify any buildings or structures in 2017.

2.4.24 Construction Conditions Imposed by Special Land Use Permit

NWNA did not perform any construction in 2017.

2.4.25 Local Construction Jobs and Local Purchasing

This 1041 Permit condition requires NWNA to hire local firms and purchase materials for the construction of the Ruby Mountain Springs Project to the degree that it is commercially practical. NWNA's corporate policy toward supporting the local communities in which it operates supports the objective of this permit condition, and therefore in 2017 NWNA made every attempt at achieving local hiring and purchasing of materials for the project.

Construction Contractors & Material and Equipment Purchases

NWNA did not perform any construction in 2017, but did require the services and materials for system operation, maintenance, and equipment up-grade. These services and supplies were supplied to NWNA from local and non-local contractors and suppliers, as dictated by local availability. NWNA's local contractor and supply expenditures amounted to approximately \$21,278, while NWNA's non-local contractor and supply expenditures for specialized equipment installation was about \$19,056.

Professional Service Contractors

NWNA employed local professional service contractors including community relations, technical consulting, operations and monitoring assistance, etc., for the project in 2017 amounted to approximately \$62,861 of local expenditure. NWNA also employed non-local professional service contractors largely due to either their specialized service not available locally, or they were NWNA's national consultants (e.g. legal counsel, water resource specialists, etc.). In 2017, NWNA, in support of its Ruby Mountain Springs project, employed non-local specialized professional service and legal contractors totaling about \$160,977.

NWNA's Other Local Spending

NWNA paid approximately \$26,381 for local utilities associated with project operations in 2017. NWNA made payments in 2017 to the UAWCD for water augmentation in the amount of \$156,275.90. NWNA also paid approximately \$10,033

to local service providers in 2017 for waste management, telecommunications, security and other miscellaneous items.

NWNA, through its trucking contractor, endeavors to hire local truck drivers to make hauls of spring water to the NWNA Denver bottling plant. In 2017, 76% of the 2,511 trips to the bottling plant were made by local drivers whose pay totaled approximately \$468,514.

NWNA's Taxes Paid

NWNA's real property taxes payable and paid in 2017 was \$29,743.34.

2.4.26 Local Drivers

In 2017, NWNA's trucking contractor (DG Coleman) employed a total of 25 drivers throughout the year to haul water from the NWNA TLF to the Denver Bottling Plant. Of the 25 drivers employed throughout the course of the year, 13 were local. Local drivers conducted 1,910 round-trips, and non-local drivers conducted 601 round-trips.

NWNA and its trucking contractor have made continuous efforts since May 13, 2010 to recruit local drivers. Specifically in 2017:

- NWNA and DG Coleman again placed continuous advertisements in the Mountain Mail newspaper and in various online media sources.
- Coleman again offered a \$2,500 signing bonus and \$1000 referral bonuses, and
- Guaranteed minimum 40 hours per week paid for all Chaffee drivers
- Changed health insurance providers to offer better coverage to Chaffee drivers
- Added a 401(k) plan, increased hourly pay by \$1.50 and increased company contribution to health insurance plan
- Updated all equipment and spec'd with consideration to driver comfort and preference based on a survey
- Added personnel to HR department to assist in recruiting and retaining drivers with emphasis placed on the spring water haul

During the time period January 1, 2017 through December 31, 2017, NWNA's trucking contractor received 7 applications for employment from Chaffee County residents. Three of the applicants did not meet the driving qualifications of the contractor.

The ability to maintain the 50% quota for Chaffee County drivers is considered at risk going forward. Four Chaffee County drivers resigned or transferred divisions in the past year. An additional five drivers are within a year of retirement. NWNA and Coleman will be approaching the County to seek relief from this permit condition.

More detailed information regarding NWNA's 2017 trucking operations is presented in Exhibit 5.

2.4.27 Project Impacts Related to Well Pumping

Condition is County permit proviso. No submittal is required.

2.4.28 Augmentation Water Source Restrictions

NWNA operated wells RMBH2 and RMBH3 from January 1, 2017 until December 31, 2017 pursuant to the terms of the augmentation certificates issued by UAWCD. The sources of supply during that period were (a) water leased by UAWCD from the Pueblo Board of Water Works (the "Pueblo Board") pursuant to the "Water Lease Agreement" dated May 20th, 2009 (the "UAWCD-PBWW Lease"); (b) project water available to UAWCD from the Fryingpan-Arkansas Project; and (c) any water derived from shares owned by UAWCD in the Twin Lakes Reservoir and Canal Company or any water acquired by UAWCD that is derived from Twin Lakes shares owned or controlled by others". The State Engineer confirmed that the NWNA wells are included in the Upper Arkansas Water Conservancy District's ("UAWCD") regional augmentation plans as decreed in Case Nos. 92CW84, 94CW5, 94CW41, 94CW42, 96CW17, 03CW55 and 06CW32 (Exhibits 6 and 7).

2.4.29 Limitation on Project Depletions

This permit condition requires that NWNA's water depletions to the Arkansas River be limited to the net amount (196.0 acre-feet which accounts for transit losses) of replacement water available to the Arkansas River in time, place and amount and that releases of augmentation water comply with the terms contained in NWNA's 1041 Permit as specified in Chaffee County Resolution 2013-35 for NWNA's augmentation source provider UAWCD. NWNA's compliance with the water augmentation operational terms of the 1041 Permit is presented in NWNA's monthly reports to Chaffee County and in NWNA's 2017 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6).

2.4.30 Approved Augmentation Plan Required

NWNA operated wells RMBH2 and RMBH3 from January 1, 2017 until December 31, 2017 pursuant to the terms of the augmentation certificates issued by UAWCD. The sources of supply during that period were the sources set forth in the Upper Arkansas Water Conservancy District plan for augmentation summarized in 06CW32. The State Engineer confirmed that the NWNA wells are included in the Upper Arkansas Water Conservancy District's ("UAWCD") regional augmentation plans as decreed in Case Nos. 92CW84, 94CW5, 94CW41, 94CW42, 96CW17, 03CW55 and 06CW32.

2.4.31 Augmentation Water Delivery Restrictions

This 1041 Permit condition requires that NWNA's depletions be replaced by augmentation water released up-stream of the Ruby Mountain Springs on the Arkansas River. NWNA's compliance with this permit condition is presented in NWNA's 2017 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6).

2.4.32 Accounting and Reporting for Augmentation Water Source

NWNA has provided the County with monthly reports presenting the UAWCD's water operations on the Arkansas River and augmentation of NWNA's depletions which demonstrate NWNA's compliance with this permit condition. NWNA's compliance

during 2017 with this water augmentation operational term of the 1041 Permit is summarized in the UAWCD District Supply and Demands Report (Exhibit 8).

2.4.33 Pumping Well Operational Restrictions

Based on the County approval of TR #11, this 1041 Permit condition now allows for NWNA to operate RMBH2 and RMBH3 simultaneously, but limits diversions from the wells to 200 gallons per minute, 1 acre-foot per day, and 16.6 acre-feet per month.

In 2017, NWNA operated RMBH3 as the primary production well. RMBH-2 was pumped only for the collection of water quality samples, on March 21, 2017. NWNA produced 62.084 acre-feet of water from RMBH-3 in 2017. NWNA has provided the County with monthly reports presenting NWNA's pumping, and NWNA's 2017 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6) summarizes these data. Of the 62.084 acre-feet of water pumped from RMBH-3 NWNA transported approximately 61.870 acre-feet to the Denver Plant for bottling in 2017.

In 2017, NWNA's diversions from RMBH2 and RMBH3 complied with the provisions of this permit condition not exceeding the daily limit of 1 acre-foot or the monthly limit of 16.6 acre-feet. NWNA operated its production wells according to these limits.

2.4.34 Construction of Pumping Wells

NWNA constructed RMBH2 and RMBH3 in accordance with the County-approved provisions of the Technical Revision to the 1041 Permit.

2.4.35 Surface Water Flow Measurements

NWNA 2017 Surface Water and Groundwater Monitoring Report (Exhibit 3) presents a reporting of required surface flow measurements taken during 2017 from the required locations on the Ruby Mountain Springs Parcel ("Lower Weir" and "Upper Flume"). That report also presents surface water flow data for two locations on the Bighorn Springs Parcel ("Parshall-1" and "Parshall-3"), the Arkansas River, and irrigation ditch diversions relevant to the Ruby Mountain Springs aquifer.

From the SWGWM Report it can be concluded that surface water flow at the Ruby Mountain Springs is predominantly controlled by seasonal groundwater level fluctuations. Further, NWNA has demonstrated that production pumping from RMBH-3 has a measureable, though very minor effect on flows at the Ruby Mountain Springs.

Also from the 2017 SWGWM Report and previous monitoring, it can be concluded that surface water flows at Bighorn Springs are controlled by seasonal groundwater level fluctuations. No influence of NWNA's water withdrawals at the Ruby Mountain Springs on the surface water flows or groundwater levels at the Bighorn Springs is detectable.

2.4.36 Suspension of Pumping - Adverse Effects on Reconstructed Wetlands

NWNA completed its habitat reclamation project in 2012. The restored habitat has been monitored since 2014 to evaluate the success of revegetation and function of created habitat and the results have been outstanding. Sufficient success of the re-established habitat was observed that the USACE closed out its reclamation permit ahead of the full monitoring term in early 2014.

NWNA's 2017 Surface Water and Groundwater Monitoring Report (Exhibit 3) demonstrates that production pumping from RMBH3 has a measureable, but very minor effect on spring flows consistent with studies conducted prior to permitting of operations. Therefore, NWNA does not anticipate the need for suspension of operations. In compliance with NWNA's 1041 Permit, monitoring of groundwater levels and spring flows in relation to water withdrawals will continue to be made on a systematic basis during operations in order to evaluate and mitigate any negative effect on the Ruby Mountain Springs and associated wetlands.

2.4.37 Inclusion of Reconstructed Wetlands in SWSP or Augmentation Plan

NWNA has not included reconstructed wetlands augmentation in any of its SWSPs or its augmentation plan with UAWCD since the habitat reclamation project entailed a significant reduction in water surface area and consumptive water use (1,150 cubic feet per year). NWNA does not anticipate the need for augmentation in the future for the reclaimed habitat at the old hatchery site since the habitat continues to flourish.

2.4.38 Cessation of Diversions upon Termination

The UAWCD augmentation water for NWNA's Ruby Mountain Springs operations remained in full force and effect in 2017. NWNA's 1041 Permit term remains effective through October 22, 2019.

2.4.39 Restrictions on Acquisition of Additional Water Rights in County

In 2017, NWNA relied on UAWCD augmentation plan water solely to replace depletions. The NWNA-UWACD lease has not been amended or modified in any way.

2.4.40 Water Rights Filing and Administration Costs

NWNA continues to operate its production wells under the UAWCD augmentation plan and anticipates no future water court filings throughout the term of its 35-year lease with UAWCD. Notwithstanding, NWNA will continue to maintain sufficient funds in its Chaffee County Reimbursement Account to cover the County's expenses associated with review of any changes to NWNA's water augmentation.

2.4.41 Trout Creek Pass Improvements Lobbying

NWNA did not receive notification or request from Chaffee County regarding lobbying actions with CDOT for improvements to US Highway 285 in 2017. Therefore, NWNA did not directly or indirectly lobby CDOT for such improvements in 2017. However, CDOT completed construction of east-bound passing (uphill climbing) lanes on Trout Creek Pass in 2016. These lanes now provide opportunities for faster moving traffic to safely pass slower moving traffic including loaded NWNA transports.

2.4.42 Limits on Truck Traffic

This permit condition places certain restrictions on NWNA's trucking activity to limit impacts on the Trout Creek Pass portion of US Highway 285. These limitations include no more than 25 loaded trucks per day, with no more than two trucks per hour. During the restricted peak-hours period of 11:00 am to 6:00 pm from the Friday of Memorial Day weekend through the Labor Day weekend, truck traffic is limited to no more than two loaded trucks per hour, with an average of one truck per hour for the peak-hours period of each day.

Detailed information regarding NWNA's 2017 trucking operations is presented in Exhibit 5. NWNA made a total 2,511 truck trips in 2017 from the Truck Loading Facility to the Denver Bottling Plant. NWNA utilized almost exclusively 8,200-gallon tankers in 2017, with minor usage of one 6,500 gallon tanker.

The average daily volume of NWNA's truck traffic over the course of 2017 was approximately 8 trips per day. The maximum number of tanker trips on any given day in 2017 was 15. (In 2014, NWNA's Process Logic Controller (PLC computer) at the Truck Loading Facility in Johnson Village was programmed to allow the filling of no more than 1 truck per hour during the seasonally restricted dates and times.) The maximum number of truck trips for the 7-hour period for any day during the restricted period was 2 and the average trucking volume for the 7-hour restricted period was no more than 1 truck per hour. NWNA is not aware of any violations of the limitations of this permit condition.

2.4.43 Emission Standards

NWNA employed the use of tanker trucks for water shipments meeting the sample specifications that were submitted as part of the initial 1041 Application and subsequent Technical Revision (TR #7). In 2017, NWNA used almost exclusively 2017 and 2018 model tractors, along with one 2015 and one 2014 model. All tractors are 500 horse power models and meet all federal and state emission standards. Detailed information regarding NWNA's 2017 trucking operations is presented in Exhibit 5.

2.4.44 No Idling During Loading

In compliance with its Permits, NWNA has not allowed its trucks to idle during loading. Limited idling only occurs as required for cold-weather start-up.

2.4.45 Emergency River Access

This condition is completely satisfied.

2.4.46 River Crossing Revegetation and CDOW Approval

This condition is completely satisfied.

2.4.47 River Crossing Construction Plans

This condition is completely satisfied.

2.4.48 Army Corps of Engineers

This condition is completely satisfied.

2.4.49 Town of Buena Vista Water Pipeline

This condition is completely satisfied.



2018 Annual Report

**Nestlé Waters North America Inc.
Chaffee County 1041 Permit**

**Submitted
April, 2019**

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EXHIBIT 1 – NWNA 2018 Bighorn Springs Grazing Management Plan

EXHIBIT 2 – NWNA 2018 Ruby Mountain Springs Annual Monitoring Report

EXHIBIT 3 – NWNA 2018 Surface Water and Groundwater Monitoring Report, Chaffee County, Colorado

EXHIBIT 4 – NWNA 2018 Bighorn Springs Wetlands Monitoring Report

EXHIBIT 5 – NWNA 2018 Summary Trucking Operations

EXHIBIT 6 – NWNA's 2018 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases

EXHIBIT 7 – UAWCD Augmentation Water Documentation

EXHIBIT 8 – NWNA's 2018 Accounting Upper Arkansas Water Conservancy District Supply and Demands

CERTIFICATION OF ANNUAL REPORT

NWNA is pleased to submit its 1041 Permit Annual Report for 2018 to Chaffee County, and by signing below, I certify that the information contained herein represents NWNA's activities in Chaffee County and demonstrates NWNA's continued compliance with its Permits in 2018. If the County needs clarification of the information presented herein, or additional information to meet compliance with the 1041 Permit Condition for Annual Reporting, please contact me.

Sincerely,



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1.0 INTRODUCTION

Nestle Waters North America (NWNNA) applied to Chaffee County (County) for a 1041 Permit and Special Land Use Permit (Permits) in November 2008 to construct and operate a spring water withdrawal and transport project (Project) at the Ruby Mountain Springs in Chaffee County. The County granted approval of NWNNA's Permits on September 23, 2009. In accordance with Section 4.8 of the 1041 Permit, NWNNA must submit an Annual Report to Chaffee County regarding its compliance with its Permits as well as its operations and activities in Chaffee County.

This report covers NWNNA's operations and activities from January 1 through December 31, 2018, (Report Period). For continuity, this 2018 Annual Report may contain information addressing NWNNA's compliance with all requirements specified in the Permits for the Reporting Period as well as up through the date of this report.

2.0 COMPLIANCE WITH 1041 PERMIT CONDITIONS

NWNNA presents this annual report in accordance with recommendations of County staff made in the review letter dated April 7, 2010. NWNNA's 2018 activities and compliance with 1041 permit conditions are presented subsequently being organized by condition number (e.g. Section 4.1) as presented in Chaffee County Resolution 2009-42 and as amended by Resolution 2010-20, and Resolution 2013-35.

2.4.1 Scope of Permit

Condition is County proviso. No submittal is required.

2.4.2 Technical Revision or Permit Amendment

According to NWNNA's 1041 Permit Section 5.1, NWNNA may seek and be granted by the County Technical Revisions to its Permits and permit conditions if certain provisions in permit Section 5 are met. Additionally, according to Section 5.2 NWNNA may seek and be granted by the County an amendment to its Permits if provisions within Section 5 are met. NWNNA has applied for 13 Technical Revisions and received approval for 12 Technical Revisions to date (see below). NWNNA has also received 2 Permit Amendments subsequent to initial issuance of NWNNA's Permits granted by Resolutions 2009-42 and 2009-43.

Pending TR#12: Revisions to Surface Water and Groundwater Reporting

In December 2014, after 5 years of operations and reporting compliance, NWNNA applied for a reduction in reporting frequency of its surface water and groundwater monitoring data. This proposed reduction in reporting frequency did not change the frequency of NWNNA's surface water and groundwater measurements. Also, NWNNA requested that reporting from one of its 10 required monitoring wells be eliminated due to overlap of information from nearby monitoring wells. Finally, NWNNA requested the surface flow measurements from surface structures (flumes and a weir) be replaced by measurements taken from nearby monitoring wells to eliminate reliance on erratic data from the surface structures which are subject to frequent clogging due to beaver activity and erosion. This Technical Revision had been under review by the County until January 2018, when NWNNA requested the County hold on further review of TR#12 while NWNNA re-evaluated the TR#12 scope. In late 2018, NWNNA formally

withdrew TR#12. NWNA now intends to revisit some of the requests in TR#12 and other Permit Conditions through a Permit amendment process.

2.4.3 Dispute Resolution

There are no NWNA-County disputes and no submittal is required.

2.4.4 Term of Permit

NWNA's Chaffee County 1041 Permit expires on October 22, 2019, unless extended by the Chaffee County Board of County Commissioners (BOCC).

2.4.5 Commencement of Project

NWNA has fully satisfied this permit condition.

2.4.6 Transfer of Permit

NWNA does not request a transfer of, nor has it transferred, its rights under this Permit to any parties.

2.4.7 Permit Violation

NWNA has not been notified by Chaffee County, or any other permit authority, of any violations of permits.

2.4.8 Annual Reporting

This report is submitted to Chaffee County for 2018 in compliance with this condition.

2.4.9 Hagen Exception

The metes and bounds description of the Hagen exclusion to the NWNA 1041 Permit Application has not changed. NWNA took no action on this exclusion in 2018. The land covered by the exclusion is grazed according to the NWNA's 2018 Grazing Management Plan.

2.4.10 Financial Security

NWNA continues to maintain the Reimbursement Fund to cover County costs associated with administration of NWNA's 1041 Permit.

2.4.11 Compliance with Other Permits

NWNA is and has been in compliance with all permits associated with its Chaffee County operations issued to date.

2.4.12 Cost Reimbursement Fund and Application Review Costs

In compliance with this section of the 1041 Permit, NWNA has maintained its Cost Reimbursement Fund balance per County requirements. The following table contains an accounting of the NWNA Reimbursement Fund during 2018 as received from the Chaffee County Finance Director.

Nestle Waters 2018 Reimbursement Fund Report

Date	Vendor / Description	Payments	Receipts	Balance
December 2018	Interest		411.31	\$162,483
November 2018	Interest		410.94	\$162,072
October 2018	Interest		384.77	\$161,661
September 2018	Interest		394.30	\$161,276
August 2018	Interest		389.36	\$160,882
July 2018	Interest		364.73	\$160,493
June 2018	Interest		362.06	\$160,128
May 2018	Interest		332.13	\$159,766
April 2018	Interest		310.70	\$159,434
March 2018	Interest		254.67	\$159,123
February 2018	Interest		263.51	\$158,868
January 2018	Interest		240.62	\$158,605

2.4.13 Bighorn Springs Land Management Plan

The County approved Nwana's Final Bighorn Springs Parcel Land Management Plan on May 5, 2010.

According to the Nwana-County ROW dedication agreement, the County applied dust suppression on CR300 adjacent to the Bighorn Springs Parcel during May, 2018.

Nwana did not observe noxious weeds on the property and did not receive notification from the County concerning noxious weeds, so conducted no weed control on the parcel.

The Colorado Mountain College Natural Resources Management department (CMC NRM) prepared Nwana's 2018 Bighorn Springs Grazing Management Plan. The plan was submitted to Colorado Division of Wildlife (CDOW), the Natural Resources Conservation Service (NRCS), and the County and was approved after no written comment.

Nwana submitted its 2018 Bighorn Springs grazing report, contained in Nwana's 2018 Bighorn Springs Parcel Grazing Management Plan (Exhibit 1), to Colorado Parks and Wildlife and NRCS.

The Bighorn Springs Property was not grazed in 2018 since vegetation growth was not vigorous in the August planned grazing period due to lower than normal precipitation in July.

At the direction of NRCS, and due to lack of precipitation in 2018, Nwana's 2019 grazing plan calls for no grazing to occur in 2019. Nwana will work closely with CMC NRM and the agencies to evaluate if the land has received sufficient moisture and vegetative cover to allow for a grazing event in 2019. However, the availability of livestock to graze for short periods of time in mid-summer continues to be an obstacle.

2.4.14 Ruby Mountain Springs Land Management Plan

The County approved NWNA's Final Ruby Mountain Springs Parcel Land Management Plan on May 5, 2010.

According to the NWNA-County ROW dedication agreement, the County applied dust suppression on CR300 adjacent to NWNA's Ruby Mountain Springs Parcel during May, 2018.

NWNA did not observe noxious weed species on the property. The County did not notify NWNA of the presence of noxious weeds on the property, so NWNA did not perform weed mitigation during 2018.

NWNA performed removal of the old hatchery, habitat reclamation, and revegetation on the parcel in 2012. Revegetation has been periodically inspected. A 2018 monitoring report was prepared by CMC NRM. (See next section.) NWNA contracted with a local wildlife specialist to trap and remove beavers according to CP&W regulations in 2018 from the reconstructed channel/pond system due to repetitive damming of the channel and lower measuring weir that rechanneled water flow and threatened washing out the berm adjacent to the river.

Planned grazing has not been permitted on the property in accordance with the approved RMS Parcel Land Management Plan.

2.4.15 Habitat Reclamation of old Hatchery Site

The County approved NWNA's Final Ruby Mountain Springs Hatchery Restoration Plan on April 26, 2010. CMC NRM completed a site inventory and documentation on July 1, 2010. NWNA removed the residential structures, rubbish, the old fish hatchery building and associated non-fixed equipment and structures from the property in 2010. Fish were also removed from the hatchery ponds and raceways at the request of the Colorado Division of Wildlife (CDOW).

Upon completion of the stakeholder process, CMC NRM completed The Ruby Mountain Springs Hatchery Reclamation Plan and submitted the plan to the stakeholders, including the County, on January 20, 2012. NWNA received from the USACE a Nationwide 27 Stream and Wetlands Restoration Permit on February 1, 2012. Construction of the reclamation project was completed by the end of 2012. The USACE performed a final inspection of the restored habitat in the fall of 2013 and NWNA received a letter from the USACE dated February 7, 2014 confirming closure of this permit.

CMC performed a site inventory of the reclaimed habitat in summer and late fall of 2018 and prepared the NWNA Ruby Mountain Springs 2018 Annual Monitoring Report (see Exhibit 2). Vegetative growth was vigorous in 2018 with continued increase in coverage and diversity being observed. The aquatic and riparian habitat continued to be occupied by wildlife including ducks, geese, kingfisher, raptors,

muskrat, beaver, squirrels, deer and Bighorn Sheep. Significant numbers of trout of all life stages continue to be observed the pond and stream channel system.

Over the past several years NWNA has had conversations with various entities regarding holding a permanent conservation easement on the Ruby Mountain and Bighorn Springs properties. NWNA will continue to explore options for conservation easements for these properties in 2019.

2.4.16 Surface and Groundwater Monitoring and Wetlands Monitoring

Surface and Groundwater Monitoring

The County approved NWNA's Final Surface- and Groundwater Monitoring and Mitigation Plan on May 5, 2010 which includes provision for wetlands monitoring of the Bighorn Springs property.

In support of this present report, NWNA submits copies of: NWNA's 2018 Surface Water and Groundwater Monitoring (SWGWM) report (Exhibit 3), and NWNA's 2018 Bighorn Springs Wetlands Monitoring (BHSWM) Report (Exhibit 4).

The SWGWM report presents flow data collected from the weir and flumes on the Ruby Mountain Springs and Bighorn Springs Parcels, water level data for the wells in the monitoring well network, water quality data from approved monitoring locations, local and regional precipitation data, Arkansas River flows, and irrigation diversions for ditches that flow onto the local aquifer. The report provides an analysis of seasonal water levels relative to previously monitored years, as well as an evaluation of any affects that NWNA's pumping causes on spring flow and water levels in nearby monitoring wells.

The report, similar to previous year's reports, demonstrates that NWNA's production pumping is detectable by only very slight, reduced flows through the Lower Weir, and slightly lower water levels in immediately adjacent monitoring wells. Conversely, recovery of flows in the Lower Weir and water levels in immediately adjacent monitoring wells can be seen associated with pumping cessation events. Further, the monitoring data reveal no influence of NWNA's withdrawals on water levels in up-gradient monitoring wells on either the adjacent Cogan parcel or the Bighorn Springs parcel, demonstrating that NWNA's spring water production continues to have only the predicted, minimal and localized effect on aquifer water levels.

Water quality results for Ruby Mountain Springs throughout the long-term monitoring program for Ruby Mountain Springs (AECOM, 2010; SSPA, 2011; SSPA, 2012; SSPA, 2013; SSPA, 2014; SSPA, 2015; SSPA, 2016; SSPA 2017 and SSPA, 2018) show that spring water quality has remained consistently high and has not been adversely impacted by NWNA operations.

Bighorn Springs Wetlands Monitoring

The 2018 BHSWM report presents the results of monitoring by CMC NRM of the conditions of the Bighorn Springs upland and wetlands conducted in 2018. Measurements of vegetative cover and species representation are presented.

It can be seen that from year to year the percentage of land cover within the same transect continues to be quite variable. In several of the plots, vegetative cover appears to coincide with moisture in any given year.

On average when the eight transects are considered, there was a decrease in vegetative coverage of about 21% in 2018 from the 2010-2017 average cover.

To reliably identify long-term trends, either the number of variables in an analysis needs to be small to limit the combined random variation, or it is necessary to collect a large amount of multi-year data. It is reasonable to expect that several additional sampling events/years may be necessary to reliably establish any trends in vegetation distribution and density throughout the site.

2.4.17 Education Endowment and Annual Programmatic Contributions

NWNA becomes an active corporate citizen in the communities in which we operate. From Chaffee County citizen input, NWNA focused its community partnering primarily in the area of education, but also supports other local causes including, recycling, conservation, emergency response, community health, and other community-specific events and needs. The following presents a brief summary of NWNA's 2018 community partnering in Chaffee County.

Support of Education

In December of 2009, NWNA funded science education endowments to the Buena Vista Education Assistance Fund (BVCEAF) and to Support Our Schools Salida! (SOSS), each in the amount of \$250,000.

Since the inception of these endowments:

- BVCEAF has received more than \$119,000 for programmatic giving, while the principal balance of the BVCEAF has grown to \$262,776 at year end 2018.
- SOSS received nearly \$137,000 in distributions for worthy education causes while seeing the SOSS fund principal grow to \$252,486. (The SOSS fund principal is lower than the BVCEAF fund principal due to higher annual distribution requested by SOSS.)

The BVCEAF received \$13,808 in distribution from its endowment fund in 2018, and SOSS received \$16,208 in distribution in 2018.

Since the fund's inception, the BVCEAF has awarded \$55,500 in scholarships to worthy students entering science-oriented college programs, including \$11,000 awarded to nine students in 2018. The remainder of historical disbursements to the BVCEAF have funded science, math and technological grants, including over \$6800 in 2018.

Since the fund's inception, SOSS has reportedly awarded \$22,000 in scholarships, including \$3,000 to three students in 2018. Grants issued by SOSS from the Nwana Endowment totaled nearly \$3,500 in 2018 and served students and faculty in supporting education in health, math, science, and technology. The following tables present a summary of BVCEAF and SOSS 2018 grants and scholarships made from the Nwana endowment distribution as reported by the non-profits.

Annual Report 2018: BVCEAF-Nestle Waters Science Education Endowment

<u>Summary Denver Foundation Endowment Fund</u>	
Beginning fund balance 2018	\$287,923
Investment earnings	(\$8,457)
Denver foundation admin fee	(\$2,882)
less disbursement to the BVCEAF	(\$13,808)
Ending fund balance 2018	\$262,776

<u>Scholarships awarded Fall of 2018</u>	
Anna Gabriel	\$2,000
Riley Taft	\$2,000
Allison Dages	\$1,000
Julianna Lopez	\$1,000
Hayden McGinnis	\$1,000
Michael Morgan	\$1,000
James Ongley	\$1,000
Brilynd Pence	\$1,000
Amanda Winter	\$1,000
Total scholarships awarded 2018	\$11,000

<u>Grants awarded 2018</u>		
NAME	AMOUNT FUNDED	PURPOSE
CCHS	\$639	Robotics
BVHS Science Computers	\$6,168	Laptop computers
Total grants awarded 2018	\$6,807	

Annual Report 2018: SOSS-Nestle Waters Science Education Endowment

Summary Denver Foundation Endowment Fund

Beginning fund balance 2018	\$279,521
Investment earnings	(\$8,037)
Denver foundation admin fee	(\$2,791)
less disbursement to SOSS	(\$16,208)
Ending fund balance 2018	\$252,485

Scholarships Awarded 2018

Ashley Leopold	\$1,000
Hannah Deking	\$1,000
Hayden Berkenkotter	\$1,000
Total scholarships awarded 2018	\$3,000

GRANTS Issued 2018

TEACHER/SCHOOL/PROJECT NAME	AMOUNT FUNDED
<u>Grover/Longfellow Elementary School</u>	\$650
Hands on science set	
<u>Girono/Longfellow Elementary School</u>	\$330
Stm Make Space	
<u>Madden/Salida Middle School</u>	\$400
Lego Robotics	
<u>Lengrich/Longfellow Elementary School</u>	\$466
Computer science adjustments	
<u>Collgate/Longfellow Elementary School</u>	\$440
STEM kits	
<u>Dyer/Salida Middle School</u>	\$200
Camp Intervention	
<u>ALL Schools</u>	\$950
Articipate	
Total grants awarded 2018	\$3,436.00

Community Partnering

In addition to supporting education and schools in Chaffee County, NWNA has remained an active supporter of other community organizations and activities. The following table summarizes the \$9,500 in financial contributions NWNA made to local organizations in 2018.

NWNA Chaffee County 2018 Financial Donation Summary

Organization/Event	Amount
Buena Vista Heritage	\$2000
The Optimist Club of Buena Vista	\$2000
Quilts of Valor Foundation	\$1000
Chaffee County Fairgrounds	\$2000
Chaffee County Economic Development Corp	\$1000
Collegiate Peaks TU	\$1000
BV Stampede and Rodeo	\$500
TOTAL	\$9500

NWNA contributed over 10,500 bottles of water to Chaffee County organizations and events in 2018 as part of its programmatic giving. NWNA is pleased to have provided healthy hydration to so many worthy causes and organizations including emergency responders, local health fairs, schools and athletic clubs, and community fundraising events. (See following table.)

NWNA 2018 Chaffee County Bottled Water Donations

Organization/Event	Cases	Bottles
Arkansas Valley Car Club/BV Events Cooperative Car Show	15	600
Autumn Color Run	20	800
BV Chamber of Commerce	4	128
BV Chamber of Commerce OHV Color Tour	36	1,152
BV Optimists Golf Tournament	6	192
BV Rotary	10	320
Mile High Jeep Club All4Fun	160	5,120
BV School After Prom Class of 2018	8	200
BV Pregnancy Center	15	480
Salida Cyclone Swim Team	10	400
CKS Paddlefest 2018 /Chaffee County Search & Rescue North	20	800
Collegiate Peaks Stampede Rodeo	10	400
TOTAL:	314	10,592

In accordance with NWNA's 1041 Permit hearing testimony, NWNA will continue its annual discretionary community programmatic support of worthy local organizations, events, and causes for as long as it operates in Chaffee County.

2.4.18 Right-of-Way

The NWNA-Chaffee County Right of Way (ROW) Agreement requires NWNA to re-iterate to the County in each Annual Report certain deed restrictions NWNA instituted when it granted to the County a right of way for County Road 300 through NWNA's properties. These deed restrictions require that the County notify NWNA annually of planned dust suppression, weed control, or construction activities on County Road 300 adjacent to NWNA's Bighorn Springs and Ruby Mountain Springs properties. The County notified NWNA in 2018 of its plans for application of dust suppression on CR 300 adjacent to the NWNA Bighorn Springs parcel, but not along the Ruby Mountain Springs parcel. NWNA agreed to the County's dust suppression compound, and application method and rate at ½ normal strength and the County completed that activity in 2018. NWNA did not observe any noxious weeds on its properties along CR 300 and therefore did no weed mitigation along those ROWs.

The County Road and Bridge Superintendent indicated to NWNA that the County will be applying dust suppression in May 2019 with the same method and at the same rate as in 2018. NWNA hereby notifies the County that it would agree to the County applying dust suppression on CR 300 in 2019 along both NWNA properties as long as the same compound and application rate and method used in 2018 are used in 2019. NWNA requests notification from the County if it intends to modify its dust suppression procedures in 2019.

In 2018, the County Road and Bridge Superintendent oversaw the installation of a solar powered traffic signal along CR 300 adjacent to NWNA's Ruby Mountain Springs property in the vicinity of the borehole buildings and near the NWNA Ruby Mountain public fishing access. The project included setting concrete pads for the signals and shallow burying of an electrical conduit along the river side of CR 300 in the ROW to connect the signals. The traffic signal failed after several weeks and has not been repaired.

The County has communicated no specific plans for signal repair, other road construction or weed control along CR 300 for 2019.

2.4.19 Wildlife Friendly Fencing

This condition is satisfied.

2.4.20 River Wade Fishing on Bighorn and Ruby Mountain Springs Parcels

On May 24, 2011, NWNA and CDOW finalized and signed permanent fishing easement agreement on the Ruby Mountain and Bighorn Springs parcels, to be managed by Colorado Parks and Wildlife. Colorado Parks and Wildlife installed an information sign in the Fisherman Parking Area next to the Ruby Mountain Springs site and posted additional signage in 2014 as part of its management of these easements.

2.4.21 Fishing Access on Bighorn Springs Parcel

On May 24, 2011, NWNA and CDOW finalized a permanent fisherman-parking-and-access easement agreement on the Bighorn Springs parcel, to be managed by Colorado Parks and Wildlife. Colorado Parks and Wildlife has completed construction of the access road, parking area, signage, and trail on the Bighorn Springs Parcel.

2.4.22 Pipeline Requirements

This condition is satisfied.

2.4.23 Buildings and Structures

NWNA did not construct or modify any buildings or structures in 2018.

2.4.24 Construction Conditions Imposed by Special Land Use Permit

In accordance with approved Technical Revision #13, in late 2018, NWNA added a small area of concrete paving at the load station.

2.4.25 Local Construction Jobs and Local Purchasing

This 1041 Permit condition requires NWNA to hire local firms and purchase materials for the construction of the Ruby Mountain Springs Project to the degree that it is commercially practical. NWNA's corporate policy toward supporting the local communities in which it operates supports the objective of this permit condition, and therefore in 2018 NWNA made every attempt at achieving local hiring and purchasing of materials for the project.

Construction Contractors & Material and Equipment Purchases

In 2018, NWNA performed only the load station paving work authorized by TR#13. The cost of the project was approximately \$38,300 and was performed entirely by Chaffee County contractors.

In addition, NWNA required services and materials for system operation, maintenance, and equipment up-grades in 2018. These services and supplies were supplied to NWNA from local and non-local contractors and suppliers, as dictated by local availability. NWNA's local contractor and supply expenditures amounted to approximately \$12,200, while NWNA's non-local contractor and supply expenditures for specialized equipment installation was about \$21,750.

Professional Service Contractors

NWNA employed one part-time employee and local professional service contractors including community relations, technical consulting, operations and monitoring assistance, etc. In 2018 this amounted to approximately \$30,100 of local expenditure. NWNA also employed non-local professional service contractors largely due to either their specialized service not available locally, or they were NWNA's national consultants (e.g. legal counsel, water resource specialists, etc.). In 2018, NWNA, in support of its Ruby Mountain Springs project, employed non-local specialized professional service and legal contractors totaling about \$199,800.

NWNA's Other Local Spending

NWNA paid approximately \$27,000 for local utilities associated with project operations in 2018. NWNA made payments in 2018 to the UAWCD for water augmentation in the amount of \$169,910.30. NWNA also paid approximately \$10,000 to local service providers in 2018 for waste management, telecommunications, security and other miscellaneous items.

NWNA, through its trucking contractor, endeavors to hire local truck drivers to make hauls of spring water to the NWNA Denver bottling plant. In 2018, 49% of the 3,270 trips to the bottling plant were made by local drivers whose pay totaled approximately \$417,557.

NWNA's Taxes Paid

NWNA's real property taxes payable and paid in 2018 was \$30,985.48.

2.4.26 Local Drivers

In 2018, NWNA's trucking contractor (DG Coleman) employed a total of 26 drivers throughout the year to haul water from the NWNA TLF to the Denver Bottling Plant. Of the 26 drivers employed throughout the course of the year, 11 were local. Local drivers conducted 1,599 round-trips, and non-local drivers conducted 1671 round-trips.

NWNA and its trucking contractor have made continuous efforts since May 13, 2010 to recruit local drivers. Specifically in 2018:

- NWNA and DG Coleman continuously ran 61 job postings in various online and print media sources.
- Coleman again offered a \$2,500 signing bonus and \$1000 referral bonuses throughout 2018.
- Beginning in the latter half of 2018, Coleman offered relocation bonuses (two drivers relocated to Chaffee County in 2018).
- Coleman guaranteed minimum 40 hours per week paid for all Chaffee drivers.
- Increased hourly pay by \$5.00, depending on their shift.
- New drivers are now able to start at the top of the pay scale to attract better talent.

The ability to maintain the 50% quota for Chaffee County drivers is considered at risk going forward. Several Chaffee County drivers resigned or transferred divisions in the past year. An additional four drivers are within a year of retirement. NWNA and Coleman have approached the County and through TR 13 have received relief from this permit condition, provided NWNA and Coleman efforts to recruit and retain Chaffee County drivers continue and are documented.

More detailed information regarding NWNA's 2018 trucking operations is presented in Exhibit 5.

2.4.27 Project Impacts Related to Well Pumping

Condition is County permit proviso. No submittal is required.

2.4.28 Augmentation Water Source Restrictions

NWNA operated wells RMBH2 and RMBH3 from January 1, 2018 until December 31, 2018 pursuant to the terms of the augmentation certificates issued by UAWCD. The sources of supply during that period were (a) water leased by UAWCD from the Pueblo Board of Water Works (the "Pueblo Board") pursuant to the "Water Lease Agreement" dated May 20th, 2009 (the "UAWCD-PBWW Lease"); (b) project water available to UAWCD from the Fryingpan-Arkansas Project; and (c) any water derived from shares owned by UAWCD in the Twin Lakes Reservoir and Canal Company or any water acquired by UAWCD that is derived from Twin Lakes shares owned or controlled by others". The State Engineer confirmed that the NWNA wells are included in the Upper Arkansas Water Conservancy District's ("UAWCD") regional augmentation plans as decreed in Case Nos. 92CW84, 94CW5, 94CW41, 94CW42, 96CW17, 03CW55 and 06CW32. (Exhibits 6 and 7).

2.4.29 Limitation on Project Depletions

This permit condition requires that NWNA's water depletions to the Arkansas River be limited to the net amount (196.0 acre-feet which accounts for transit losses) of replacement water available to the Arkansas River in time, place and amount and that releases of augmentation water comply with the terms contained in NWNA's 1041 Permit as specified in Chaffee County Resolution 2013-35 for NWNA's augmentation source provider UAWCD. NWNA's compliance with the water augmentation operational terms of the 1041 Permit is presented in NWNA's monthly reports to Chaffee County and in NWNA's 2018 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6).

2.4.30 Approved Augmentation Plan Required

NWNA operated wells RMBH2 and RMBH3 from January 1, 2018 until December 31, 2018 pursuant to the terms of the augmentation certificates issued by UAWCD. The sources of supply during that period were the sources set forth in the Upper Arkansas Water Conservancy District plan for augmentation summarized in 06CW32. The State Engineer confirmed that the NWNA wells are included in the Upper Arkansas Water Conservancy District's ("UAWCD") regional augmentation plans as decreed in Case Nos. 92CW84, 94CW5, 94CW41, 94CW42, 96CW17, 03CW55 and 06CW32.

2.4.31 Augmentation Water Delivery Restrictions

This 1041 Permit condition requires that NWNA's depletions be replaced by augmentation water released up-stream of the Ruby Mountain Springs on the Arkansas River. NWNA's compliance with this permit condition is presented in NWNA's 2018 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6).

2.4.32 Accounting and Reporting for Augmentation Water Source

NWNA has provided the County with monthly reports presenting the UAWCD's water operations on the Arkansas River and augmentation of NWNA's depletions which demonstrate NWNA's compliance with this permit condition. NWNA's compliance during 2018 with this water augmentation operational term of the 1041 Permit is summarized in the UAWCD District Supply and Demands Report (Exhibit 8).

2.4.33 Pumping Well Operational Restrictions

Based on the County approval of TR #11, this 1041 Permit condition now allows for NWNA to operate RMBH2 and RMBH3 simultaneously, but limits diversions from the wells to 200 gallons per minute, 1 acre-foot per day, and 16.6 acre-feet per month.

In 2018, NWNA operated RMBH3 as the primary production well. NWNA produced 79.549 acre-feet of water from RMBH-3 in 2018. NWNA has provided the County with monthly reports presenting NWNA's pumping, and NWNA's 2018 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6) summarizes these data.

In 2018, NWNA's diversions from RMBH2 and RMBH3 complied with the provisions of this permit condition not exceeding the daily limit of 1 acre-foot or the monthly limit of 16.6 acre-feet. NWNA operated its production wells according to these limits.

2.4.34 Construction of Pumping Wells

NWNA constructed RMBH2 and RMBH3 in accordance with the County-approved provisions of the Technical Revision to the 1041 Permit.

2.4.35 Surface Water Flow Measurements

NWNA 2018 Surface Water and Groundwater Monitoring Report (Exhibit 3) presents a reporting of required surface flow measurements taken during 2018 from the required locations on the Ruby Mountain Springs Parcel ("Lower Weir" and "Upper Flume"). That report also presents surface water flow data for two locations on the Bighorn Springs Parcel ("Parshall-1" and "Parshall-3"), the Arkansas River, and irrigation ditch diversions relevant to the Ruby Mountain Springs aquifer.

From the SWGWM Report it can be concluded that surface water flow at the Ruby Mountain Springs is predominantly controlled by seasonal groundwater level fluctuations. Further, NWNA has demonstrated that production pumping from borehole RMBH-3 has a measurable, though very minor effect on flows at the Ruby Mountain Springs.

From the 2018 SWGWM Report and previous monitoring, it can also be concluded that surface water flows at Bighorn Springs are controlled by seasonal groundwater level fluctuations. No influence of NWNA's water withdrawals at the Ruby Mountain Springs on the surface water flows or groundwater levels at the Bighorn Springs is detectable.

2.4.36 Suspension of Pumping - Adverse Effects on Reconstructed Wetlands

NWNA completed its habitat reclamation project in 2012. The restored habitat has been monitored since 2014 to evaluate the success of revegetation and function of created habitat and the results have been outstanding. Sufficient success of the re-established habitat was observed that the USACE closed out its reclamation permit ahead of the full monitoring term in early 2014.

NWNA's 2018 Surface Water and Groundwater Monitoring Report (Exhibit 3) demonstrates that production pumping from RMBH3 has a measurable, but very minor effect on spring flows consistent with studies conducted prior to permitting of operations. Therefore, NWNA does not anticipate the need for suspension of operations. In compliance with NWNA's 1041 Permit, monitoring of groundwater levels and spring flows in relation to water withdrawals will continue to be made on a systematic basis during operations in order to evaluate and mitigate any negative effect on the Ruby Mountain Springs and associated wetlands.

2.4.37 Inclusion of Reconstructed Wetlands in SWSP or Augmentation Plan

NWNA has not included reconstructed wetlands augmentation in any of its SWSPs or its augmentation plan with UAWCD since the habitat reclamation project entailed a significant reduction in water surface area and consumptive water use (1,150 cubic feet per year). NWNA does not anticipate the need for augmentation in the future for the reclaimed habitat at the old hatchery site since the habitat continues to flourish.

2.4.38 Cessation of Diversions upon Termination

The UAWCD augmentation water for NWNA's Ruby Mountain Springs operations remained in full force and effect in 2018. NWNA's 1041 Permit term remains effective through October 22, 2019.

2.4.39 Restrictions on Acquisition of Additional Water Rights in County

In 2018, NWNA relied on UAWCD augmentation plan water solely to replace depletions. The NWNA-UWACD lease has not been amended or modified in any way.

2.4.40 Water Rights Filing and Administration Costs

NWNA continues to operate its production wells under the UAWCD augmentation plan and anticipates no future water court filings throughout the term of its 35-year lease with UAWCD. Notwithstanding, NWNA will continue to maintain sufficient funds in its Chaffee County Reimbursement Account to cover the County's expenses associated with review of any changes to NWNA's water augmentation.

2.4.41 Trout Creek Pass Improvements Lobbying

NWNA did not receive notification or request from Chaffee County regarding lobbying actions with CDOT for improvements to US Highway 285 in 2018. Therefore, NWNA did not directly or indirectly lobby CDOT for such improvements in 2018. However, CDOT completed construction of east-bound passing (uphill climbing) lanes on Trout Creek Pass in 2016. These lanes now provide opportunities for faster moving traffic to safely pass slower moving traffic including loaded NWNA transports.

2.4.42 Limits on Truck Traffic

This permit condition places certain restrictions on NWNA's trucking activity to limit impacts on the Trout Creek Pass portion of US Highway 285. These limitations include no more than 25 loaded trucks per day, with no more than two trucks per hour. During the restricted peak-hours period of 11:00 am to 6:00 pm from the Friday of Memorial Day weekend through the Labor Day weekend, truck traffic is limited to no more than two loaded trucks per hour, with an average of one truck per hour for the peak-hours period of each day.

Detailed information regarding NWNA's 2018 trucking operations is presented in Exhibit 5. NWNA made a total 3,270 truck trips in 2018 from the Truck Loading Facility to the Denver Bottling Plant. NWNA utilized almost exclusively 8,200-gallon tankers in 2018, with minor usage of two, 6,500-gallon tankers.

The maximum number of tanker trips on any given day in 2018 was 17. (In 2014, NWNA's Process Logic Controller (PLC computer) at the Truck Loading Facility in Johnson Village was programmed to allow the filling of no more than 1 truck per hour during the seasonally restricted dates and times.) The maximum number of truck trips for the 7-hour period for any day during the restricted period was 2 and the average trucking volume for the 7-hour restricted period was no more than 1 truck per hour. NWNA is not aware of any violations of the limitations of this permit condition.

2.4.43 Emission Standards

NWNA employed the use of tanker trucks for water shipments meeting the sample specifications that were submitted as part of the initial 1041 Application and subsequent Technical Revision (TR #7). In 2018, NWNA used almost exclusively 2017 and 2018 model tractors. All tractors are 500 horse power models and meet all federal and state emission standards. See Exhibit 5 for more detailed information.

2.4.44 No Idling During Loading

In compliance with its Permits, NWNA has not allowed its trucks to idle during loading. Limited idling only occurs as required for cold-weather start-up.

2.4.45 Emergency River Access

This condition is completely satisfied.

2.4.46 River Crossing Revegetation and CDOW Approval

This condition is completely satisfied.

2.4.47 River Crossing Construction Plans

This condition is completely satisfied.

2.4.48 Army Corps of Engineers

This condition is completely satisfied.

2.4.49 Town of Buena Vista Water Pipeline

This condition is completely satisfied.



2018 Annual Report

**Nestlé Waters North America Inc.
Chaffee County 1041 Permit**

**Submitted
April, 2019**

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LIST OF EXHIBITS:

EXHIBIT 1 – NWNA 2018 Bighorn Springs Grazing Management Plan

EXHIBIT 2 – NWNA 2018 Ruby Mountain Springs Annual Monitoring Report

EXHIBIT 3 – NWNA 2018 Surface Water and Groundwater Monitoring Report, Chaffee County, Colorado

EXHIBIT 4 – NWNA 2018 Bighorn Springs Wetlands Monitoring Report

EXHIBIT 5 – NWNA 2018 Summary Trucking Operations

EXHIBIT 6 – NWNA's 2018 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases


EXHIBIT 7 – UAWCD Augmentation Water Documentation

EXHIBIT 8 – NWNA's 2018 Accounting Upper Arkansas Water Conservancy District Supply and Demands

CERTIFICATION OF ANNUAL REPORT

NWNA is pleased to submit its 1041 Permit Annual Report for 2018 to Chaffee County, and by signing below, I certify that the information contained herein represents NWNA's activities in Chaffee County and demonstrates NWNA's continued compliance with its Permits in 2018. If the County needs clarification of the information presented herein, or additional information to meet compliance with the 1041 Permit Condition for Annual Reporting, please contact me.

Sincerely,



Larry Lawrence
Natural Resources Manager
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1.0 INTRODUCTION

Nestle Waters North America (NWNNA) applied to Chaffee County (County) for a 1041 Permit and Special Land Use Permit (Permits) in November 2008 to construct and operate a spring water withdrawal and transport project (Project) at the Ruby Mountain Springs in Chaffee County. The County granted approval of NWNNA's Permits on September 23, 2009. In accordance with Section 4.8 of the 1041 Permit, NWNNA must submit an Annual Report to Chaffee County regarding its compliance with its Permits as well as its operations and activities in Chaffee County.

This report covers NWNNA's operations and activities from January 1 through December 31, 2018, (Report Period). For continuity, this 2018 Annual Report may contain information addressing NWNNA's compliance with all requirements specified in the Permits for the Reporting Period as well as up through the date of this report.

2.0 COMPLIANCE WITH 1041 PERMIT CONDITIONS

NWNNA presents this annual report in accordance with recommendations of County staff made in the review letter dated April 7, 2010. NWNNA's 2018 activities and compliance with 1041 permit conditions are presented subsequently being organized by condition number (e.g. Section 4.1) as presented in Chaffee County Resolution 2009-42 and as amended by Resolution 2010-20, and Resolution 2013-35.

2.4.1 Scope of Permit

Condition is County proviso. No submittal is required.

2.4.2 Technical Revision or Permit Amendment

According to NWNNA's 1041 Permit Section 5.1, NWNNA may seek and be granted by the County Technical Revisions to its Permits and permit conditions if certain provisions in permit Section 5 are met. Additionally, according to Section 5.2 NWNNA may seek and be granted by the County an amendment to its Permits if provisions within Section 5 are met. NWNNA has applied for 13 Technical Revisions and received approval for 12 Technical Revisions to date (see below). NWNNA has also received 2 Permit Amendments subsequent to initial issuance of NWNNA's Permits granted by Resolutions 2009-42 and 2009-43.

Pending TR#12: Revisions to Surface Water and Groundwater Reporting

In December 2014, after 5 years of operations and reporting compliance, NWNNA applied for a reduction in reporting frequency of its surface water and groundwater monitoring data. This proposed reduction in reporting frequency did not change the frequency of NWNNA's surface water and groundwater measurements. Also, NWNNA requested that reporting from one of its 10 required monitoring wells be eliminated due to overlap of information from nearby monitoring wells. Finally, NWNNA requested the surface flow measurements from surface structures (flumes and a weir) be replaced by measurements taken from nearby monitoring wells to eliminate reliance on erratic data from the surface structures which are subject to frequent clogging due to beaver activity and erosion. This Technical Revision had been under review by the County until January 2018, when NWNNA requested the County hold on further review of TR#12 while NWNNA re-evaluated the TR#12 scope. In late 2018, NWNNA formally

withdrew TR#12. NWNA now intends to revisit some of the requests in TR#12 and other Permit Conditions through a Permit amendment process.

2.4.3 Dispute Resolution

There are no NWNA-County disputes and no submittal is required.

2.4.4 Term of Permit

NWNA's Chaffee County 1041 Permit expires on October 22, 2019, unless extended by the Chaffee County Board of County Commissioners (BOCC).

2.4.5 Commencement of Project

NWNA has fully satisfied this permit condition.

2.4.6 Transfer of Permit

NWNA does not request a transfer of, nor has it transferred, its rights under this Permit to any parties.

2.4.7 Permit Violation

NWNA has not been notified by Chaffee County, or any other permit authority, of any violations of permits.

2.4.8 Annual Reporting

This report is submitted to Chaffee County for 2018 in compliance with this condition.

2.4.9 Hagen Exception

The metes and bounds description of the Hagen exclusion to the NWNA 1041 Permit Application has not changed. NWNA took no action on this exclusion in 2018. The land covered by the exclusion is grazed according to the NWNA's 2018 Grazing Management Plan.

2.4.10 Financial Security

NWNA continues to maintain the Reimbursement Fund to cover County costs associated with administration of NWNA's 1041 Permit.

2.4.11 Compliance with Other Permits

NWNA is and has been in compliance with all permits associated with its Chaffee County operations issued to date.

2.4.12 Cost Reimbursement Fund and Application Review Costs

In compliance with this section of the 1041 Permit, NWNA has maintained its Cost Reimbursement Fund balance per County requirements. The following table contains an accounting of the NWNA Reimbursement Fund during 2018 as received from the Chaffee County Finance Director.

Nestle Waters 2018 Reimbursement Fund Report

Date	Vendor / Description	Payments	Receipts	Balance
December 2018	Interest		411.31	\$162,483
November 2018	Interest		410.94	\$162,072
October 2018	Interest		384.77	\$161,661
September 2018	Interest		394.30	\$161,276
August 2018	Interest		389.36	\$160,882
July 2018	Interest		364.73	\$160,493
June 2018	Interest		362.06	\$160,128
May 2018	Interest		332.13	\$159,766
April 2018	Interest		310.70	\$159,434
March 2018	Interest		254.67	\$159,123
February 2018	Interest		263.51	\$158,868
January 2018	Interest		240.62	\$158,605

2.4.13 Bighorn Springs Land Management Plan

The County approved Nwana's Final Bighorn Springs Parcel Land Management Plan on May 5, 2010.

According to the Nwana-County ROW dedication agreement, the County applied dust suppression on CR300 adjacent to the Bighorn Springs Parcel during May, 2018.

Nwana did not observe noxious weeds on the property and did not receive notification from the County concerning noxious weeds, so conducted no weed control on the parcel.

The Colorado Mountain College Natural Resources Management department (CMC NRM) prepared Nwana's 2018 Bighorn Springs Grazing Management Plan. The plan was submitted to Colorado Division of Wildlife (CDOW), the Natural Resources Conservation Service (NRCS), and the County and was approved after no written comment.

Nwana submitted its 2018 Bighorn Springs grazing report, contained in Nwana's 2018 Bighorn Springs Parcel Grazing Management Plan (Exhibit 1), to Colorado Parks and Wildlife and NRCS.

The Bighorn Springs Property was not grazed in 2018 since vegetation growth was not vigorous in the August planned grazing period due to lower than normal precipitation in July.

At the direction of NRCS, and due to lack of precipitation in 2018, Nwana's 2019 grazing plan calls for no grazing to occur in 2019. Nwana will work closely with CMC NRM and the agencies to evaluate if the land has received sufficient moisture and vegetative cover to allow for a grazing event in 2019. However, the availability of livestock to graze for short periods of time in mid-summer continues to be an obstacle.

2.4.14 Ruby Mountain Springs Land Management Plan

The County approved NWNA's Final Ruby Mountain Springs Parcel Land Management Plan on May 5, 2010.

According to the NWNA-County ROW dedication agreement, the County applied dust suppression on CR300 adjacent to NWNA's Ruby Mountain Springs Parcel during May, 2018.

NWNA did not observe noxious weed species on the property. The County did not notify NWNA of the presence of noxious weeds on the property, so NWNA did not perform weed mitigation during 2018.

NWNA performed removal of the old hatchery, habitat reclamation, and revegetation on the parcel in 2012. Revegetation has been periodically inspected. A 2018 monitoring report was prepared by CMC NRM. (See next section.) NWNA contracted with a local wildlife specialist to trap and remove beavers according to CP&W regulations in 2018 from the reconstructed channel/pond system due to repetitive damming of the channel and lower measuring weir that rechanneled water flow and threatened washing out the berm adjacent to the river.

Planned grazing has not been permitted on the property in accordance with the approved RMS Parcel Land Management Plan.

2.4.15 Habitat Reclamation of old Hatchery Site

The County approved NWNA's Final Ruby Mountain Springs Hatchery Restoration Plan on April 26, 2010. CMC NRM completed a site inventory and documentation on July 1, 2010. NWNA removed the residential structures, rubbish, the old fish hatchery building and associated non-fixed equipment and structures from the property in 2010. Fish were also removed from the hatchery ponds and raceways at the request of the Colorado Division of Wildlife (CDOW).

Upon completion of the stakeholder process, CMC NRM completed The Ruby Mountain Springs Hatchery Reclamation Plan and submitted the plan to the stakeholders, including the County, on January 20, 2012. NWNA received from the USACE a Nationwide 27 Stream and Wetlands Restoration Permit on February 1, 2012. Construction of the reclamation project was completed by the end of 2012. The USACE performed a final inspection of the restored habitat in the fall of 2013 and NWNA received a letter from the USACE dated February 7, 2014 confirming closure of this permit.

CMC performed a site inventory of the reclaimed habitat in summer and late fall of 2018 and prepared the NWNA Ruby Mountain Springs 2018 Annual Monitoring Report (see Exhibit 2). Vegetative growth was vigorous in 2018 with continued increase in coverage and diversity being observed. The aquatic and riparian habitat continued to be occupied by wildlife including ducks, geese, kingfisher, raptors,

muskrat, beaver, squirrels, deer and Bighorn Sheep. Significant numbers of trout of all life stages continue to be observed the pond and stream channel system.

Over the past several years NWNA has had conversations with various entities regarding holding a permanent conservation easement on the Ruby Mountain and Bighorn Springs properties. NWNA will continue to explore options for conservation easements for these properties in 2019.

2.4.16 Surface and Groundwater Monitoring and Wetlands Monitoring

Surface and Groundwater Monitoring

The County approved NWNA's Final Surface- and Groundwater Monitoring and Mitigation Plan on May 5, 2010 which includes provision for wetlands monitoring of the Bighorn Springs property.

In support of this present report, NWNA submits copies of: NWNA's 2018 Surface Water and Groundwater Monitoring (SWGWM) report (Exhibit 3), and NWNA's 2018 Bighorn Springs Wetlands Monitoring (BHSWM) Report (Exhibit 4).

The SWGWM report presents flow data collected from the weir and flumes on the Ruby Mountain Springs and Bighorn Springs Parcels, water level data for the wells in the monitoring well network, water quality data from approved monitoring locations, local and regional precipitation data, Arkansas River flows, and irrigation diversions for ditches that flow onto the local aquifer. The report provides an analysis of seasonal water levels relative to previously monitored years, as well as an evaluation of any affects that NWNA's pumping causes on spring flow and water levels in nearby monitoring wells.

The report, similar to previous year's reports, demonstrates that NWNA's production pumping is detectable by only very slight, reduced flows through the Lower Weir, and slightly lower water levels in immediately adjacent monitoring wells. Conversely, recovery of flows in the Lower Weir and water levels in immediately adjacent monitoring wells can be seen associated with pumping cessation events. Further, the monitoring data reveal no influence of NWNA's withdrawals on water levels in up-gradient monitoring wells on either the adjacent Cogan parcel or the Bighorn Springs parcel, demonstrating that NWNA's spring water production continues to have only the predicted, minimal and localized effect on aquifer water levels.

Water quality results for Ruby Mountain Springs throughout the long-term monitoring program for Ruby Mountain Springs (AECOM, 2010; SSPA, 2011; SSPA, 2012; SSPA, 2013; SSPA, 2014; SSPA, 2015; SSPA, 2016; SSPA 2017 and SSPA, 2018) show that spring water quality has remained consistently high and has not been adversely impacted by NWNA operations.

Bighorn Springs Wetlands Monitoring

The 2018 BHSWM report presents the results of monitoring by CMC NRM of the conditions of the Bighorn Springs upland and wetlands conducted in 2018. Measurements of vegetative cover and species representation are presented.

It can be seen that from year to year the percentage of land cover within the same transect continues to be quite variable. In several of the plots, vegetative cover appears to coincide with moisture in any given year.

On average when the eight transects are considered, there was a decrease in vegetative coverage of about 21% in 2018 from the 2010-2017 average cover.

To reliably identify long-term trends, either the number of variables in an analysis needs to be small to limit the combined random variation, or it is necessary to collect a large amount of multi-year data. It is reasonable to expect that several additional sampling events/years may be necessary to reliably establish any trends in vegetation distribution and density throughout the site.

2.4.17 Education Endowment and Annual Programmatic Contributions

NWNA becomes an active corporate citizen in the communities in which we operate. From Chaffee County citizen input, NWNA focused its community partnering primarily in the area of education, but also supports other local causes including, recycling, conservation, emergency response, community health, and other community-specific events and needs. The following presents a brief summary of NWNA's 2018 community partnering in Chaffee County.

Support of Education

In December of 2009, NWNA funded science education endowments to the Buena Vista Education Assistance Fund (BVCEAF) and to Support Our Schools Salida! (SOSS), each in the amount of \$250,000.

Since the inception of these endowments:

- BVCEAF has received more than \$119,000 for programmatic giving, while the principal balance of the BVCEAF has grown to \$262,776 at year end 2018.
- SOSS received nearly \$137,000 in distributions for worthy education causes while seeing the SOSS fund principal grow to \$252,486. (The SOSS fund principal is lower than the BVCEAF fund principal due to higher annual distribution requested by SOSS.)

The BVCEAF received \$13,808 in distribution from its endowment fund in 2018, and SOSS received \$16,208 in distribution in 2018.

Since the fund's inception, the BVCEAF has awarded \$55,500 in scholarships to worthy students entering science-oriented college programs, including \$11,000 awarded to nine students in 2018. The remainder of historical disbursements to the BVCEAF have funded science, math and technological grants, including over \$6800 in 2018.

Since the fund's inception, SOSS has reportedly awarded \$22,000 in scholarships, including \$3,000 to three students in 2018. Grants issued by SOSS from the Nwana Endowment totaled nearly \$3,500 in 2018 and served students and faculty in supporting education in health, math, science, and technology. The following tables present a summary of BVCEAF and SOSS 2018 grants and scholarships made from the Nwana endowment distribution as reported by the non-profits.

Annual Report 2018: BVCEAF-Nestle Waters Science Education Endowment

<u>Summary Denver Foundation Endowment Fund</u>	
Beginning fund balance 2018	\$287,923
Investment earnings	(\$8,457)
Denver foundation admin fee	(\$2,882)
less disbursement to the BVCEAF	(\$13,808)
Ending fund balance 2018	\$262,776

Scholarships awarded Fall of 2018	
Anna Gabriel	\$2,000
Riley Taft	\$2,000
Allison Dages	\$1,000
Julianna Lopez	\$1,000
Hayden McGinnis	\$1,000
Michael Morgan	\$1,000
James Ongley	\$1,000
Brilynd Pence	\$1,000
Amanda Winter	\$1,000
Total scholarships awarded 2018	\$11,000

Grants awarded 2018		
NAME	AMOUNT FUNDED	PURPOSE
CCHS	\$639	Robotics
BVHS Science Computers	\$6,168	Laptop computers
Total grants awarded 2018	\$6,807	

Annual Report 2018: SOSS-Nestle Waters Science Education Endowment

Summary Denver Foundation Endowment Fund

Beginning fund balance 2018	\$279,521
Investment earnings	(\$8,037)
Denver foundation admin fee	(\$2,791)
less disbursement to SOSS	(\$16,208)
Ending fund balance 2018	\$252,485

Scholarships Awarded 2018

Ashley Leopold	\$1,000
Hannah Deking	\$1,000
Hayden Berkenkotter	\$1,000
Total scholarships awarded 2018	\$3,000

GRANTS Issued 2018

TEACHER/SCHOOL/PROJECT NAME	AMOUNT FUNDED
<u>Grover/Longfellow Elementary School</u>	\$650
Hands on science set	
<u>Girono/Longfellow Elementary School</u>	\$330
Stm Make Space	
<u>Madden/Salida Middle School</u>	\$400
Lego Robotics	
<u>Lengrich/Longfellow Elementary School</u>	\$466
Computer science adjustments	
<u>Collgate/Longfellow Elementary School</u>	\$440
STEM kits	
<u>Dyer/Salida Middle School</u>	\$200
Camp Intervention	
<u>ALL Schools</u>	\$950
Articipate	
Total grants awarded 2018	\$3,436.00

Community Partnering

In addition to supporting education and schools in Chaffee County, NWNA has remained an active supporter of other community organizations and activities. The following table summarizes the \$9,500 in financial contributions NWNA made to local organizations in 2018.

NWNA Chaffee County 2018 Financial Donation Summary

Organization/Event	Amount
Buena Vista Heritage	\$2000
The Optimist Club of Buena Vista	\$2000
Quilts of Valor Foundation	\$1000
Chaffee County Fairgrounds	\$2000
Chaffee County Economic Development Corp	\$1000
Collegiate Peaks TU	\$1000
BV Stampede and Rodeo	\$500
TOTAL	\$9500

NWNA contributed over 10,500 bottles of water to Chaffee County organizations and events in 2018 as part of its programmatic giving. NWNA is pleased to have provided healthy hydration to so many worthy causes and organizations including emergency responders, local health fairs, schools and athletic clubs, and community fundraising events. (See following table.)

NWNA 2018 Chaffee County Bottled Water Donations

Organization/Event	Cases	Bottles
Arkansas Valley Car Club/BV Events Cooperative Car Show	15	600
Autumn Color Run	20	800
BV Chamber of Commerce	4	128
BV Chamber of Commerce OHV Color Tour	36	1,152
BV Optimists Golf Tournament	6	192
BV Rotary	10	320
Mile High Jeep Club All4Fun	160	5,120
BV School After Prom Class of 2018	8	200
BV Pregnancy Center	15	480
Salida Cyclone Swim Team	10	400
CKS Paddlefest 2018 /Chaffee County Search & Rescue North	20	800
Collegiate Peaks Stampede Rodeo	10	400
TOTAL:	314	10,592

In accordance with NWNA's 1041 Permit hearing testimony, NWNA will continue its annual discretionary community programmatic support of worthy local organizations, events, and causes for as long as it operates in Chaffee County.

2.4.18 Right-of-Way

The NWNA-Chaffee County Right of Way (ROW) Agreement requires NWNA to re-iterate to the County in each Annual Report certain deed restrictions NWNA instituted when it granted to the County a right of way for County Road 300 through NWNA's properties. These deed restrictions require that the County notify NWNA annually of planned dust suppression, weed control, or construction activities on County Road 300 adjacent to NWNA's Bighorn Springs and Ruby Mountain Springs properties. The County notified NWNA in 2018 of its plans for application of dust suppression on CR 300 adjacent to the NWNA Bighorn Springs parcel, but not along the Ruby Mountain Springs parcel. NWNA agreed to the County's dust suppression compound, and application method and rate at ½ normal strength and the County completed that activity in 2018. NWNA did not observe any noxious weeds on its properties along CR 300 and therefore did no weed mitigation along those ROWs.

The County Road and Bridge Superintendent indicated to NWNA that the County will be applying dust suppression in May 2019 with the same method and at the same rate as in 2018. NWNA hereby notifies the County that it would agree to the County applying dust suppression on CR 300 in 2019 along both NWNA properties as long as the same compound and application rate and method used in 2018 are used in 2019. NWNA requests notification from the County if it intends to modify its dust suppression procedures in 2019.

In 2018, the County Road and Bridge Superintendent oversaw the installation of a solar powered traffic signal along CR 300 adjacent to NWNA's Ruby Mountain Springs property in the vicinity of the borehole buildings and near the NWNA Ruby Mountain public fishing access. The project included setting concrete pads for the signals and shallow burying of an electrical conduit along the river side of CR 300 in the ROW to connect the signals. The traffic signal failed after several weeks and has not been repaired.

The County has communicated no specific plans for signal repair, other road construction or weed control along CR 300 for 2019.

2.4.19 Wildlife Friendly Fencing

This condition is satisfied.

2.4.20 River Wade Fishing on Bighorn and Ruby Mountain Springs Parcels

On May 24, 2011, NWNA and CDOW finalized and signed permanent fishing easement agreement on the Ruby Mountain and Bighorn Springs parcels, to be managed by Colorado Parks and Wildlife. Colorado Parks and Wildlife installed an information sign in the Fisherman Parking Area next to the Ruby Mountain Springs site and posted additional signage in 2014 as part of its management of these easements.

2.4.21 Fishing Access on Bighorn Springs Parcel

On May 24, 2011, NWNA and CDOW finalized a permanent fisherman-parking-and-access easement agreement on the Bighorn Springs parcel, to be managed by Colorado Parks and Wildlife. Colorado Parks and Wildlife has completed construction of the access road, parking area, signage, and trail on the Bighorn Springs Parcel.

2.4.22 Pipeline Requirements

This condition is satisfied.

2.4.23 Buildings and Structures

NWNA did not construct or modify any buildings or structures in 2018.

2.4.24 Construction Conditions Imposed by Special Land Use Permit

In accordance with approved Technical Revision #13, in late 2018, NWNA added a small area of concrete paving at the load station.

2.4.25 Local Construction Jobs and Local Purchasing

This 1041 Permit condition requires NWNA to hire local firms and purchase materials for the construction of the Ruby Mountain Springs Project to the degree that it is commercially practical. NWNA's corporate policy toward supporting the local communities in which it operates supports the objective of this permit condition, and therefore in 2018 NWNA made every attempt at achieving local hiring and purchasing of materials for the project.

Construction Contractors & Material and Equipment Purchases

In 2018, NWNA performed only the load station paving work authorized by TR#13. The cost of the project was approximately \$38,300 and was performed entirely by Chaffee County contractors.

In addition, NWNA required services and materials for system operation, maintenance, and equipment up-grades in 2018. These services and supplies were supplied to NWNA from local and non-local contractors and suppliers, as dictated by local availability. NWNA's local contractor and supply expenditures amounted to approximately \$12,200, while NWNA's non-local contractor and supply expenditures for specialized equipment installation was about \$21,750.

Professional Service Contractors

NWNA employed one part-time employee and local professional service contractors including community relations, technical consulting, operations and monitoring assistance, etc. In 2018 this amounted to approximately \$30,100 of local expenditure. NWNA also employed non-local professional service contractors largely due to either their specialized service not available locally, or they were NWNA's national consultants (e.g. legal counsel, water resource specialists, etc.). In 2018, NWNA, in support of its Ruby Mountain Springs project, employed non-local specialized professional service and legal contractors totaling about \$199,800.

NWNA's Other Local Spending

NWNA paid approximately \$27,000 for local utilities associated with project operations in 2018. NWNA made payments in 2018 to the UAWCD for water augmentation in the amount of \$169,910.30. NWNA also paid approximately \$10,000 to local service providers in 2018 for waste management, telecommunications, security and other miscellaneous items.

NWNA, through its trucking contractor, endeavors to hire local truck drivers to make hauls of spring water to the NWNA Denver bottling plant. In 2018, 49% of the 3,270 trips to the bottling plant were made by local drivers whose pay totaled approximately \$417,557.

NWNA's Taxes Paid

NWNA's real property taxes payable and paid in 2018 was \$30,985.48.

2.4.26 Local Drivers

In 2018, NWNA's trucking contractor (DG Coleman) employed a total of 26 drivers throughout the year to haul water from the NWNA TLF to the Denver Bottling Plant. Of the 26 drivers employed throughout the course of the year, 11 were local. Local drivers conducted 1,599 round-trips, and non-local drivers conducted 1671 round-trips.

NWNA and its trucking contractor have made continuous efforts since May 13, 2010 to recruit local drivers. Specifically in 2018:

- NWNA and DG Coleman continuously ran 61 job postings in various online and print media sources.
- Coleman again offered a \$2,500 signing bonus and \$1000 referral bonuses throughout 2018.
- Beginning in the latter half of 2018, Coleman offered relocation bonuses (two drivers relocated to Chaffee County in 2018).
- Coleman guaranteed minimum 40 hours per week paid for all Chaffee drivers.
- Increased hourly pay by \$5.00, depending on their shift.
- New drivers are now able to start at the top of the pay scale to attract better talent.

The ability to maintain the 50% quota for Chaffee County drivers is considered at risk going forward. Several Chaffee County drivers resigned or transferred divisions in the past year. An additional four drivers are within a year of retirement. NWNA and Coleman have approached the County and through TR 13 have received relief from this permit condition, provided NWNA and Coleman efforts to recruit and retain Chaffee County drivers continue and are documented.

More detailed information regarding NWNA's 2018 trucking operations is presented in Exhibit 5.

2.4.27 Project Impacts Related to Well Pumping

Condition is County permit proviso. No submittal is required.

2.4.28 Augmentation Water Source Restrictions

NWNA operated wells RMBH2 and RMBH3 from January 1, 2018 until December 31, 2018 pursuant to the terms of the augmentation certificates issued by UAWCD. The sources of supply during that period were (a) water leased by UAWCD from the Pueblo Board of Water Works (the "Pueblo Board") pursuant to the "Water Lease Agreement" dated May 20th, 2009 (the "UAWCD-PBWW Lease"); (b) project water available to UAWCD from the Fryingpan-Arkansas Project; and (c) any water derived from shares owned by UAWCD in the Twin Lakes Reservoir and Canal Company or any water acquired by UAWCD that is derived from Twin Lakes shares owned or controlled by others". The State Engineer confirmed that the NWNA wells are included in the Upper Arkansas Water Conservancy District's ("UAWCD") regional augmentation plans as decreed in Case Nos. 92CW84, 94CW5, 94CW41, 94CW42, 96CW17, 03CW55 and 06CW32. (Exhibits 6 and 7).

2.4.29 Limitation on Project Depletions

This permit condition requires that NWNA's water depletions to the Arkansas River be limited to the net amount (196.0 acre-feet which accounts for transit losses) of replacement water available to the Arkansas River in time, place and amount and that releases of augmentation water comply with the terms contained in NWNA's 1041 Permit as specified in Chaffee County Resolution 2013-35 for NWNA's augmentation source provider UAWCD. NWNA's compliance with the water augmentation operational terms of the 1041 Permit is presented in NWNA's monthly reports to Chaffee County and in NWNA's 2018 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6).

2.4.30 Approved Augmentation Plan Required

NWNA operated wells RMBH2 and RMBH3 from January 1, 2018 until December 31, 2018 pursuant to the terms of the augmentation certificates issued by UAWCD. The sources of supply during that period were the sources set forth in the Upper Arkansas Water Conservancy District plan for augmentation summarized in 06CW32. The State Engineer confirmed that the NWNA wells are included in the Upper Arkansas Water Conservancy District's ("UAWCD") regional augmentation plans as decreed in Case Nos. 92CW84, 94CW5, 94CW41, 94CW42, 96CW17, 03CW55 and 06CW32.

2.4.31 Augmentation Water Delivery Restrictions

This 1041 Permit condition requires that NWNA's depletions be replaced by augmentation water released up-stream of the Ruby Mountain Springs on the Arkansas River. NWNA's compliance with this permit condition is presented in NWNA's 2018 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6).

2.4.32 Accounting and Reporting for Augmentation Water Source

NWNA has provided the County with monthly reports presenting the UAWCD's water operations on the Arkansas River and augmentation of NWNA's depletions which demonstrate NWNA's compliance with this permit condition. NWNA's compliance during 2018 with this water augmentation operational term of the 1041 Permit is summarized in the UAWCD District Supply and Demands Report (Exhibit 8).

2.4.33 Pumping Well Operational Restrictions

Based on the County approval of TR #11, this 1041 Permit condition now allows for NWNA to operate RMBH2 and RMBH3 simultaneously, but limits diversions from the wells to 200 gallons per minute, 1 acre-foot per day, and 16.6 acre-feet per month.

In 2018, NWNA operated RMBH3 as the primary production well. NWNA produced 79.549 acre-feet of water from RMBH-3 in 2018. NWNA has provided the County with monthly reports presenting NWNA's pumping, and NWNA's 2018 Annual Accounting Report Regarding Well Pumping Operations and Augmentation Releases (Exhibit 6) summarizes these data.

In 2018, NWNA's diversions from RMBH2 and RMBH3 complied with the provisions of this permit condition not exceeding the daily limit of 1 acre-foot or the monthly limit of 16.6 acre-feet. NWNA operated its production wells according to these limits.

2.4.34 Construction of Pumping Wells

NWNA constructed RMBH2 and RMBH3 in accordance with the County-approved provisions of the Technical Revision to the 1041 Permit.

2.4.35 Surface Water Flow Measurements

NWNA 2018 Surface Water and Groundwater Monitoring Report (Exhibit 3) presents a reporting of required surface flow measurements taken during 2018 from the required locations on the Ruby Mountain Springs Parcel ("Lower Weir" and "Upper Flume"). That report also presents surface water flow data for two locations on the Bighorn Springs Parcel ("Parshall-1" and "Parshall-3"), the Arkansas River, and irrigation ditch diversions relevant to the Ruby Mountain Springs aquifer.

From the SWGWM Report it can be concluded that surface water flow at the Ruby Mountain Springs is predominantly controlled by seasonal groundwater level fluctuations. Further, NWNA has demonstrated that production pumping from borehole RMBH-3 has a measurable, though very minor effect on flows at the Ruby Mountain Springs.

From the 2018 SWGWM Report and previous monitoring, it can also be concluded that surface water flows at Bighorn Springs are controlled by seasonal groundwater level fluctuations. No influence of NWNA's water withdrawals at the Ruby Mountain Springs on the surface water flows or groundwater levels at the Bighorn Springs is detectable.

2.4.36 Suspension of Pumping - Adverse Effects on Reconstructed Wetlands

NWNA completed its habitat reclamation project in 2012. The restored habitat has been monitored since 2014 to evaluate the success of revegetation and function of created habitat and the results have been outstanding. Sufficient success of the re-established habitat was observed that the USACE closed out its reclamation permit ahead of the full monitoring term in early 2014.

NWNA's 2018 Surface Water and Groundwater Monitoring Report (Exhibit 3) demonstrates that production pumping from RMBH3 has a measurable, but very minor effect on spring flows consistent with studies conducted prior to permitting of operations. Therefore, NWNA does not anticipate the need for suspension of operations. In compliance with NWNA's 1041 Permit, monitoring of groundwater levels and spring flows in relation to water withdrawals will continue to be made on a systematic basis during operations in order to evaluate and mitigate any negative effect on the Ruby Mountain Springs and associated wetlands.

2.4.37 Inclusion of Reconstructed Wetlands in SWSP or Augmentation Plan

NWNA has not included reconstructed wetlands augmentation in any of its SWSPs or its augmentation plan with UAWCD since the habitat reclamation project entailed a significant reduction in water surface area and consumptive water use (1,150 cubic feet per year). NWNA does not anticipate the need for augmentation in the future for the reclaimed habitat at the old hatchery site since the habitat continues to flourish.

2.4.38 Cessation of Diversions upon Termination

The UAWCD augmentation water for NWNA's Ruby Mountain Springs operations remained in full force and effect in 2018. NWNA's 1041 Permit term remains effective through October 22, 2019.

2.4.39 Restrictions on Acquisition of Additional Water Rights in County

In 2018, NWNA relied on UAWCD augmentation plan water solely to replace depletions. The NWNA-UWACD lease has not been amended or modified in any way.

2.4.40 Water Rights Filing and Administration Costs

NWNA continues to operate its production wells under the UAWCD augmentation plan and anticipates no future water court filings throughout the term of its 35-year lease with UAWCD. Notwithstanding, NWNA will continue to maintain sufficient funds in its Chaffee County Reimbursement Account to cover the County's expenses associated with review of any changes to NWNA's water augmentation.

2.4.41 Trout Creek Pass Improvements Lobbying

NWNA did not receive notification or request from Chaffee County regarding lobbying actions with CDOT for improvements to US Highway 285 in 2018. Therefore, NWNA did not directly or indirectly lobby CDOT for such improvements in 2018. However, CDOT completed construction of east-bound passing (uphill climbing) lanes on Trout Creek Pass in 2016. These lanes now provide opportunities for faster moving traffic to safely pass slower moving traffic including loaded NWNA transports.

2.4.42 Limits on Truck Traffic

This permit condition places certain restrictions on NWNA's trucking activity to limit impacts on the Trout Creek Pass portion of US Highway 285. These limitations include no more than 25 loaded trucks per day, with no more than two trucks per hour. During the restricted peak-hours period of 11:00 am to 6:00 pm from the Friday of Memorial Day weekend through the Labor Day weekend, truck traffic is limited to no more than two loaded trucks per hour, with an average of one truck per hour for the peak-hours period of each day.

Detailed information regarding NWNA's 2018 trucking operations is presented in Exhibit 5. NWNA made a total 3,270 truck trips in 2018 from the Truck Loading Facility to the Denver Bottling Plant. NWNA utilized almost exclusively 8,200-gallon tankers in 2018, with minor usage of two, 6,500-gallon tankers.

The maximum number of tanker trips on any given day in 2018 was 17. (In 2014, NWNA's Process Logic Controller (PLC computer) at the Truck Loading Facility in Johnson Village was programmed to allow the filling of no more than 1 truck per hour during the seasonally restricted dates and times.) The maximum number of truck trips for the 7-hour period for any day during the restricted period was 2 and the average trucking volume for the 7-hour restricted period was no more than 1 truck per hour. NWNA is not aware of any violations of the limitations of this permit condition.

2.4.43 Emission Standards

NWNA employed the use of tanker trucks for water shipments meeting the sample specifications that were submitted as part of the initial 1041 Application and subsequent Technical Revision (TR #7). In 2018, NWNA used almost exclusively 2017 and 2018 model tractors. All tractors are 500 horse power models and meet all federal and state emission standards. See Exhibit 5 for more detailed information.

2.4.44 No Idling During Loading

In compliance with its Permits, NWNA has not allowed its trucks to idle during loading. Limited idling only occurs as required for cold-weather start-up.

2.4.45 Emergency River Access

This condition is completely satisfied.

2.4.46 River Crossing Revegetation and CDOW Approval

This condition is completely satisfied.

2.4.47 River Crossing Construction Plans

This condition is completely satisfied.

2.4.48 Army Corps of Engineers

This condition is completely satisfied.

2.4.49 Town of Buena Vista Water Pipeline

This condition is completely satisfied.