



2009 Annual Report

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

March 1, 2010

TABLE OF CONTENTS

1.0 INTRODUCTION.....	3
2.0 CURRENT PERMIT APPROVAL AND OTHER COUNTY ACTIONS.....	3
2.1 1041 & SLUP Permits, Revisions, and Amendments.....	3
2.2 County Licenses, Easements, and Other Permits.....	4
3.0 NWNA'S CURRENT COMPLIANCE WITH COUNTY PERMITS.....	4
4.0 WATER PUMPING OPERATIONS AND AUGMENTATION.....	5
5.0 SURFACE WATER, GROUNDWATER, AND WETLANDS MONITORING.....	6
6.0 RUBY MOUNTAIN WETLANDS AND HATCHERY RESTORATION	6
7.0 LAND MANAGEMENT	6
8.0 UTILIZATION OF LOCAL AND NON-LOCAL CONSTRUCTION LABOR	7
9.0 PURCHASE OF LOCAL AND NON-LOCAL MATERIALS.....	8
10.0 TRUCKING SERVICE, VOLUMES, AND EQUIPMENT	8
11.0 NWNA COMMUNITY INVOLVEMENT EFFORTS	8
12.0 NWNA ENDOWMENT FUNDING AND PROGRAMMATIC DISBURSEMENTS	9
13.0 CLOSING.....	10

APPENDIX A - BIGHORN SPRINGS ROW DEED RESTRICTIONS

APPENDIX B - APPLGATE LETTER SUMMARIZING MONTHLY AURORA REPORTS

APPENDIX C - 2009 NESTLE WATERS ANNUAL MONITORING REPORT RUBY MOUNTAIN
SPRINGS, CHAFFEE COUNTY, COLORADO

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.

As the County approved NWNA's 1041 Permit later in 2009, this report will cover NWNA's operations and activities from September 23 through December 31, 2009 ("Report Period"). During the Report Period, NWNA did not commence its Project, having neither begun construction nor spring water withdrawal. For continuity, this 2009 Annual Report will 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 CURRENT PERMIT APPROVAL AND OTHER COUNTY ACTIONS

2.1 1041 & SLUP Permits, Revisions, and Amendments

On September 23, 2009, the Chaffee County Board of County Commissioners ("BOCC") approved NWNA's Permits for its Project, which are incorporated by reference. These Permits allow NWNA to construct the Pipeline Alignment as depicted on the Ruby Mountain Springs and Bighorn Springs Site Plans, the Pipeline Plan and the Profile Plans, A through D, which NWNA submitted on May 4, 2009. Res 2009-42
2009-43

On November 2, 2009, the County granted approval of NWNA's Technical Revision to its Permits, which accommodates an office use within the Truck Loading Station, approved square footage and associated additional parking spaces. TR #1

On February 22, 2010, the BOCC granted approval of amendments to NWNA's Permits (Resolutions 2010-20 and 2010-21), which provides for an Alternative River Crossing Method and to install an additional Pipeline for the Town of Buena Vista, conditioned on the issuance of a US Army Corps of Engineers 404 Permit to NWNA for the river crossing. P.A #1

On February 23, 2010, the County granted approval of NWNA's Technical Revision to its Permits allowing for a minor realignment of its pipeline, which removes the pipeline from significant lengths of County Road ROW. TR #2

2.2 County Licenses, Easements, and Other Permits

On December 22, 2009, NWNA dedicated to the County a County Road right of way ("ROW") through the Bighorn Springs Parcel. The BOCC accepted the Bighorn Springs ROW dedication on January 19, 2010. This ROW Agreement contains deed restrictions requiring NWNA to provide the deed restriction document to the County in each Annual Report. ((Please see attached in Appendix A.)) *Do not include info - only a statement of remainder for notice, and deny work plan*

On January 12, 2010 the BOCC issued to NWNA a License for NWNA's pipeline to occupy County Road ROW. On January 15, 2010 the County issued to NWNA a County Road Access Permit for the Ruby Mountain Parcel. On February 5, 2010 the County issued to NWNA Permits to Construct within County Road ROW.

On January 19, 2010 the BOCC approved Granting NWNA an Easement for NWNA's pipeline to cross County Property along the Arkansas River south of Johnson Village.

4.11,
4.23

On January 20, 2010, the County issued to NWNA a Demolition Permit to remove the Gunsmoke liquor store from NWNA's Gunsmoke property.

3.0 NWNA'S CURRENT COMPLIANCE WITH COUNTY PERMITS

In compliance with 1041 Permit Condition 4.8, NWNA timely submits this 2009 Annual Report.

In compliance with 1041 Permit Condition 4.10, NWNA timely submitted two Letters of Credit to the County to cover restoration costs for the proposed pipeline construction and the River Crossing.

In compliance with 1041 Permit Condition 4.12, NWNA timely submitted the required funding for the Cost Reimbursement Fund and has reimbursed the County for all invoiced costs.

In compliance with conditions 4.13, 4.14, 4.15 and 4.16, NWNA met with the County on September 3, 2009 to discuss elements that the County will require to finalize NWNA's various plans. NWNA has received County comments and consultant and agency reviews of these plans, and is working with the County staff to finalize each plan. NWNA has revised each of the referenced plans according to the County's review and will resubmit to County staff by March 15 for County review and approval.

In compliance with 1041 Permit Condition 4.18, NWNA has executed a ROW Deed to the County for County Road 300 through NWNA's Bighorn Springs Parcel.

In compliance with 1041 Permit Condition 4.21, NWNA has begun working with the Colorado Division of Wildlife ("CDOW") to establish a permanent fishing easement and

access on the Bighorn Springs Parcel. NWNA and CDOW are currently working to prepare this Fishing Easement and Access Agreement.

In compliance with 1041 Permit Condition 4.23 prior to any demolition, NWNA obtained from the County a Demolition Permit for the Gunsmoke Liquor Store on January 22 and NWNA subsequently removed the building.

In compliance with 1041 Permit Condition 4.24, NWNA has submitted to the County and the County has approved a Construction Management Plan.

In compliance with 1041 Permit Condition 4.32(b), NWNA has begun submitting to the County monthly accounting reports detailing Aurora's water supply and demand operations within the Arkansas River Basin. NWNA's December 14, 2009 letter from Applegate Group Inc. to the County provided information for Aurora's water supply and demand operations from 2001 through the 2009 water year ending in October 2009. In addition, the Applegate letter also meets the Condition 4.32(b) requirement that requires NWNA to summarize on an annual basis the monthly Aurora reports. The Applegate letter is attached as Appendix B for your reference.

In compliance with 1041 Permit Condition 4.32(c), NWNA has submitted to the County Aurora's 2001 through October 2009 Colorado River and Arkansas River Diversions summary report.

In compliance with 1041 Permit Condition 4.35, NWNA has begun submitting to the County monthly surface flow measurements from the Ruby Mountain Upper Ditch Flume (also known as the Ruby Parshall 1 or Upper Flume) and Ruby Weir (also known as the Lower Weir) on the Ruby Mountain Springs Parcel.

In compliance with 1041 Permit Condition 4.40, NWNA submitted its Substitute Water Supply Plan ("SWSP") to the County on November 10, 2009 for County review. After revising the SWSP application based on the County's comments, NWNA submitted its SWSP application to the State Engineers Office ("SEO") on December 5, 2009. The Comment Period for the SEO application ended January 4, 2010.

4.0 WATER PUMPING OPERATIONS AND AUGMENTATION

NWNA performed no pumping operations during the Report Period; and therefore, no water augmentation was required.

After revising the SWSP application based on the County's comments, NWNA submitted its SWSP application to the SEO on December 5, 2009. Upon issuing the SWSP, the SEO will also issue to NWNA a well permit allowing NWNA to complete RMBH-2 as a production well.

NWNA is currently preparing its Plan for Augmentation. Prior to submittal of the Plan for Augmentation to the Water Court, NWNA will contact potential objectors for comment. According to the 1041 Permit requirement, NWNA will provide the Plan for Augmentation to the County at least 30 days prior to submittal to Water Court for review and comment.

5.0 SURFACE WATER, GROUNDWATER, AND WETLANDS MONITORING

NWNA is finalizing its Surface- and Ground-Water Monitoring and Mitigation Plan with the County Staff; and therefore, final long-term reporting requirements have not yet been established. However, NWNA presents herein a summary report of the Surface Water and Groundwater Monitoring data collected from the specified monitoring wells, flume, and weirs through the end of 2009. That report is presented in Appendix C.

6.0 RUBY MOUNTAIN WETLANDS AND HATCHERY RESTORATION

NWNA is finalizing its Conceptual Ruby Mountain Springs Parcel Habitat Restoration Plan with County Staff. Upon Staff approval of the final Conceptual Plan, NWNA will commence the stakeholder process for the planning, design, and implementation details of the Restoration Project.

NWNA has met with representatives of the Colorado Mountain College Natural Resources Management Program ("CMC") several times including on-site visits to initiate their involvement in the stakeholder process. At the time of this report, NWNA has contracted CMC to do an inventory of existing and historical conditions of the hatchery site. This effort will include review of current and historical aerial photographs, personal interviews with individuals personally familiar with the use and history of the site, and documentation of existing natural and manmade features of the site. This information will be used along with other baseline information for the stakeholder planning and design process.

7.0 LAND MANAGEMENT

NWNA is finalizing its Land Management Plans for the Ruby Mountain and Bighorn Springs Parcels with County Staff and will begin implementation of those plans upon approval by the Staff.

During 2009, NWNA leased the western portion of the Bighorn Springs Parcel for cattle grazing to the McMurry Land and Livestock Company, the historic owner and rancher of the property. Periodic grazing was performed during the summer months.

The Hagens owned the Ruby Mountain Parcel throughout 2009, and it continued as their residence with normal activities on the property.

On both parcels, surface flows within the springs areas at the established measuring flumes and weirs were monitored by NWNA throughout 2009. NWNA performed routine maintenance of flows through the measuring devices, and during the late fall significant effort was spent on removing debris placed by beavers within the flumes and weirs (see Appendix C). NWNA also performed some manual noxious weed control at the Ruby Mountain hatchery.

NWNA routinely took measurements of the monitoring wells on the properties (Appendix C). NWNA also conducted some site tours of the Parcels.

NWNA met with the CDOW on site on two occasions to explore options and constraints for public fishing access. NWNA has provided to the CDOW a conceptual strategy for in-stream fishing access for both properties and for an overland public fishing access on the portion of the Bighorn Springs Parcel located west of the Arkansas River. CDOW has provided NWNA with a typical Fishing Easement Agreement, and NWNA at the time of this report is working on the terms and language of that agreement for CDOW review.

NWNA continued its efforts to explore potential land trust entities to hold permanent Conservation Easements of the properties by exchanging information and initiating discussions.

8.0 UTILIZATION OF LOCAL AND NON-LOCAL CONSTRUCTION LABOR

In 2009, NWNA awarded construction contracts totaling \$1,950,000 to local contracting companies including:

- ACA Products, Inc.
- Miles Construction, Inc.
- Moltz Construction, Inc.
- Keith E. Boyd Pump Service, Inc.

In NWNA's 2010 Annual Report, final expenditures for construction will be presented to the County. In 2009, NWNA awarded no non-local construction contracts.

Also in support of its Project, in 2009, NWNA spent more than \$312,000 on local consultants including:

- Crabtree Group Engineering
- Apex Development Services, LLC
- Arthur Law Offices

9.0 PURCHASE OF LOCAL AND NON-LOCAL MATERIALS

In 2009, NWNA spent \$4,712,000 to purchase local properties to accomplish its Project in Chaffee County. (not Materials)

NWNA had no materials expenditures (local or non-local) in 2009.

10.0 TRUCKING SERVICE, VOLUMES, AND EQUIPMENT

NWNA has conducted no operations during the Report Period; and therefore trucking has not been initiated.

NWNA continues to work with its trucking contractor to assure hiring at least 50 percent local qualified tanker drivers when the project is operational. The trucking contractor maintains applications from several local qualified drivers on file, and NWNA continues to receive local inquiries from prospective drivers and workers.

11.0 NWNA COMMUNITY INVOLVEMENT EFFORTS

During 2009, NWNA Natural Resource Managers with the support of its local community relations consultant, Apex Development Services, LLC, have been active in community involvement. In the fourth quarter of 2009, NWNA relocated a Natural Resource Manager to Chaffee County to facilitate more extensive NWNA involvement in the community consistent with NWNA's corporate citizenship commitments. Areas of involvement include: (1) providing project information by conducting site tours, maintaining website and responding to web inquires, and conducting media outreach; (2) responding to requests from local charitable organizations; (3) sponsoring recycling at Buena Vista Schools, and (4) supporting educational outreach programs. NWNA's specific financial support of local organizations and causes is presented in Annual Report Section 12.0.

During 2009, NWNA hosted site tours of the spring sites for more than 100 people representing the general public, schools, charitable organizations, agencies, and consultants. NWNA will continue to provide site tours to its properties, subject to weather and circumstances, to those interested in NWNA's Project.

During 2009, NWNA has responded positively to more than 20 requests to support local charitable organizations and worthy causes.

As part of NWNA's corporate commitment to facilitate recycling efforts nation-wide, NWNA is partnering with the BVCEAF and the Buena Vista School District and other community organizations to increase recycling participation within the Buena Vista

Schools. Specifically, NWNA has provided financial support through BVCEAF to: (1) purchase recycling containers to be placed within the Buena Vista Schools; (2) purchase materials for the Buena Vista High School Industrial Arts Program to provide students the opportunity to design and construct a hydraulically-operated dump trailer and one recycling dumpster to recycle wastes from the High School/Middle School campus; and (3) assist the Science Olympiad/Academic Decathlon class project to initiate a more comprehensive school recycling program. In 2010, NWNA will explore opportunities to enhance recycling in the Salida Schools and greater community.

At the request of Chaffee County High School ("CCHS"), NWNA is assisting CCHS students in creating a Master Plan for the future development of the Little Annie Conservation Camp. The Conservation Camp is managed by CCHS and can be used by K-12 classes within the greater Buena Vista School District, as well as other organizations, to provide hands-on education in ecology, geology, water resources, conservation, local history, orienteering, team-building, and community leadership. NWNA and its local community relations consultant have been working closely with CCHS staff and students to formulate a Master Plan to improve the facilities of the camp (e.g. domestic and educational buildings, potable water, and waste management). The Master Plan will be used by CCHS to guide and foster the future improvements of the Conservation Camp to provide for its broad use by CCHS and the local education community. NWNA anticipates providing to CCHS additional financial and technical support in 2010 to assist with construction of a potable water system at the Little Annie Conservation Camp.

12.0 NWNA ENDOWMENT FUNDING AND PROGRAMMATIC DISBURSEMENTS

NWNA has been working with two local, non-profit, educational support organizations to accept the NWNA Education Endowment. These organizations are the Buena Vista Community Education Fund and the Support Our Schools Salida. Each organization will receive from NWNA an initial Endowment fund of \$250,000. These local organizations will, in turn, place the Endowment Funds with the Denver Foundation to act as an investment manager. Agreements have been finalized between NWNA and each local organization, and between the Denver Foundation and each local organization. NWNA and the Denver Foundation have executed their portions of these agreements. The local organizations will execute their portions of these agreements in March 2010 and NWNA will transfer the funds to these organizations at that time.

In 2009 NWNA has also been supportive of local projects and programs within Chaffee County. During 2009, the company has contributed to the following:

NWNA's 2009 Community Programmatic Contributions

Organization	Cash Awards	Product (cases/\$)
Boys and Girls Club of Chaffee County	\$1,500	-
BVCEAF – BVHS Booster Club	-	12
BVCEAF – BVHS Recycling Containers	\$2,126	-
BVCEAF – BVHS Recycling Trailer Shop Program	\$5,000	-
BVCEAF - Academic Decathlon/Science Olympiad	\$2,500	4
Buena Vista High School 2009 After-Prom	\$500	16
Buena Vista Little League Baseball	-	5
Buena Vista Police Department	-	2
Chaffee County EMS Foundation (Computers)	\$6,000	-
Chaffee County Fair	\$500	-
Chaffee County Fire Protection District	-	30
Collegiate Peaks Music Festival	\$3,000	20
Neighbor to Neighbor Fundraiser	-	5
PaddleFest	-	\$500
Steve "Hondo" Valerio Foundation Scholarship	\$500	-

\$22,126 94 cases

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

13.0 CLOSING

NWNA is pleased to submit its 2009 1041 Annual Report to Chaffee County, and requests that the County contact me with any need for clarification of the information presented herein, or additional information to meet compliance with the Annual Report condition.

Sincerely,

Bobbi McClead
 Natural Resource Manager
 Nestlé Waters North America
 614.273.5209
 bobbi.mcclead@waters.nestle.com

APPENDIX A

Bighorn Springs ROW Deed Restrictions

FUTURE: Provide Notice
of Deed restrictions
only, request
notice of any
road work planned

(Discarded - prior submit) Recep # 385764

Appendix B

Applegate Letter Summarizing Monthly Aurora Reports

(Discovered) Previously submitted Dec 15, 2009 .

APPENDIX C

2009 Nestle Waters Annual Monitoring Report Ruby Mountain Springs Chaffee County, Colorado

Removed & filed w/ Water reports