

2009

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the year ended December 31, 2009
Denver, Colorado

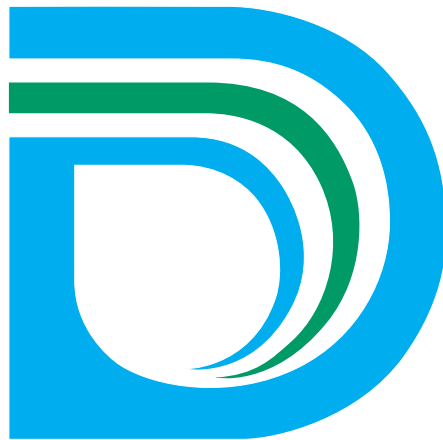


The City and County of Denver has determined under Governmental Accounting Standards Board Statement No. 14 that its relationship with Denver Water is such that Denver Water's financial statements should be included as a "Component Unit" in the City's Comprehensive Annual Financial Report. Under the Denver City Charter, Denver Water is a legally separate and distinct legal entity from the City and County of Denver and the City and County is not financially accountable for Denver Water.

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DENVER WATER COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2009
Denver, Colorado



DENVER WATER

Prepared by the Accounting Section of the Finance Division

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INTRODUCTORY SECTION

May 1, 2010

To the Board of Water Commissioners and Our Customers:

We are pleased to transmit the Comprehensive Annual Financial Report (“CAFR”) of Denver Water for the year ended December 31, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

BKD, LLP, Certified Public Accountants, has issued an unqualified (“clean”) opinion on Denver Water’s financial statements for the years ended December 31, 2009 and 2008. The independent accountant’s report is located at the front of the Financial Section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent accountant’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Report

This report is presented in three sections as follows:

- I. **Introductory Section**, which includes this letter of transmittal, principal officials, organization chart, excerpts from the charter, the Certificate of Achievement for Excellence in Financial Reporting, and the year in review.
- II. **Financial Section**, which includes the independent accountants’ report on the financial statements, Management’s Discussion and Analysis, the basic financial statements, and supplemental capital asset and bond schedules.
- III. **Statistical Section**, which includes financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information generally presented on a multi-year basis.

Profile of Denver Water

The privately owned Denver City Water Company was organized in November 1870. It was merged into the Denver Union Water Company in October 1894, along with several smaller companies serving various parts of a growing Denver. In November 1918, the five-member governing board of the Denver Water Department purchased the company for the citizens of the City and County of Denver ("City"). The Denver Water Department was set up as an independent City water agency, with the philosophy that it would be operated as a business and remain separate from political influences.

Denver Water is governed by a five-member Board of Water Commissioners (the ~~Board~~) appointed by the Mayor of the City for overlapping six-year terms. Denver Water has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. Also, as a byproduct of water operations, Denver Water operates seven hydropower plants which generate power for sale to Xcel Energy and Tri-State Generation and Transmission Association, for internal consumption, and for repayment to the Department of Energy for power interference.

In accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," Denver Water would be classified as 1) an "other stand-alone government" since Denver Water is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for Denver Water, and 2) a "related organization" since the Mayor of the City appoints Denver Water's governing body, but is not financially accountable. However, the City has elected to include Denver Water's financial statements in the City's financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of Denver Water's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Mission of Denver Water is as follows:

Denver Water will provide our customers with high quality water and excellent service through responsible and creative stewardship of the assets we manage. We will do this with a productive and diverse work force. We will actively participate in and be a responsible member of the water community.

Although Denver Water is not legally required to adopt budgetary accounting and reporting, the annual budget serves as the foundation for Denver Water's financial planning and control. The budget process involves:

- Long Range Planning
Denver Water maintains long-range (10 years) capital, operation and maintenance, and financial plans that are updated annually.

The Ten-Year Capital Plan projects additions, improvements, and replacements to water system facilities, based on projected demands for water, Federal and State regulations,

and ongoing system requirements. It is used as the basis for projecting the annual Capital Work Plan.

The Ten-Year Operation and Maintenance Plan includes the ongoing costs of operating and maintaining the water system and the impact of the Ten-Year Capital Plan on operations.

The Ten-Year Financial Plan projects compliance with debt covenants and the year-end targeted investment balance. Alternative financial plans that address estimated revenue shortfalls are also projected as a part of the long-range planning effort.

- Annual Work Plan Budgets

The detailed annual work plan budgets for operation and maintenance activities, debt, and capital projects are developed during the budget process each year. These budgets are substantially based on the budget year projections provided by the long-range plans. These work plans itemize the cost of activities and projects within each program.

- Annual Budget Preparation

The annual budget is prepared on a program budget basis that follows the flow of water from the sources of raw water to customers' taps and cuts across organizational boundaries. The focus is first on what Denver Water as a whole is doing (what our resources are used for), then on organizational structure (the divisions and sections expending the resources), and then by type of expenditures (what types of resources – payroll, services, etc., are being used). The intent of this particular format is to facilitate the reader's understanding of how we are accomplishing our mission to serve our customers needs in the past, present and future.

Factors Affecting Economic Condition

The information displayed in the financial statements presents Denver Water's current *financial position*, i.e., its *existing* resources and claims on those resources. The following information is provided to help assess Denver Water's *economic condition*, i.e., both existing and *future* resources and claims on those resources. Stated differently, economic condition reflects not only today's financial position, but also the prospects that today's financial position will improve or deteriorate.

Local Economy

The City is the center of economic activity in the region, serving as a business, recreational, higher educational and cultural hub. Major features of the economy include the central business district, state capital, Denver International Airport, extensive library facilities, several professional sports teams, institutions of higher learning, and numerous museums and other cultural facilities. The economy of the metropolitan area generally mirrors that of the state. An overview of the general demographic and economic conditions in the Denver metropolitan area can be found in Section D, "Demographic and Economic Information", in the Statistical Section.

Long-Term Financial Planning – Ten Year Capital Plan

Total projected expenditures for the 2010-2019 Ten-Year Capital Plan are \$1,337.25 million, net of anticipated participation and reimbursement. The program includes:

- \$222.7 million for the Moffat Collection System Project for the evaluation, permitting, and construction process to augment our short supply to the northern service area. The U.S. Army Corps of Engineers has released a draft Environmental Impact Statement (EIS) evaluating the potential effects of this option. A public comment period will follow during the first quarter of 2010 before the final EIS will be issued. Construction is proposed to begin by 2012.
- \$89.0 million to accelerate the main replacements program and the conduit and main rehabilitation program which emphasizes the cement mortar relining of conduits and mains versus replacing them. This process provides a cost effective program to address the problems associated with an aging distribution system.
- \$87.9 million for the replacement of the two obsolete clear water storage tanks at Hillcrest and Ashland.
- \$62.0 million for continuing development of the Reuse Plant Distribution System to deliver recycled water throughout various areas of Denver Water's service area.
- \$20.3 million for additional clear water storage reservoirs at both the Moffat and Marston Treatment Plants.
- \$19.6 million for Conduit 161-Phase 1, a major backbone transmission conduit on the west side of the metropolitan area. It will both serve growth and provide operational flexibility. It is anticipated this conduit would be phased in from the south with the first section between Foothills and Kassler.
- \$18.5 million for an additional 15 million gallons per day (mgd) of treatment capacity at Denver Water's Recycled Treatment Plant to bring the total capacity to 45 mgd. Anticipated construction of this phase of the plant is scheduled to begin in 2017 with completion anticipated by 2019.
- \$18.3 million for the replacement of Conduits 16 & 22, two major conduits that provide water to the Moffat Treatment Plant from the Ralston Reservoir. Currently these two conduits have limited ability to convey full Ralston Reservoir capacity due to age and design limitations within the transmission system. It is anticipated that design and construction will begin in 2011 and be completed by 2015.

The objective of the Financial Plan was to meet these capital needs through smooth and predictable rate increases. This will be accomplished through reductions in cash reserves during years one and two of the plan. New debt will be issued during each year under the ten-year plan. Using a mix of cash reserves and debt allows Denver Water the maximum possible

financial flexibility and insures that ratepayers are not unnecessarily obligated to pay for new capital additions entirely through rates in a single year. The rate increases resulting from this financial management strategy are forecast to be between 6-7% during the first two years of the ten-year plan and 8% per year during the remaining plan years.

Relevant Financial Policies – Investment Balance

Denver Water established a comprehensive set of financial policies as a basic framework for the financial management of Denver Water and its planning and budgeting process. These policies are listed in the Budget Book. Two related policies are as follows:

Balanced Budget/Cash Reserves

The Denver Board of Water Commissioners has not adopted an official policy on a balanced budget. Our practice is to balance the budget by the planned use or contribution to investment balances. The Charter of the City and County of Denver specifically allows the accumulation of reserves “sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, and betterments, including those reasonably required for anticipated growth of the Denver Metropolitan area and to provide for Denver’s general welfare.”

Denver Water began 2010 with an actual investment balance of \$194.0 million, at cost. The 2010 budget projects this balance to increase by receipts of \$291.3 million and decrease by expenditures of \$338.5 million, resulting in a projected 2010 ending balance of \$146.8 million.

Note 2, “Deposits and Investments,” in the Financial Section provides more information on Denver Water’s investments. Investment balances in published financial statements are not directly comparable to the budgeted investment balance because different valuation methods are used.

Major Initiatives – 2010 Goals and Objectives

- **Complete Denver Water's New Integrated Resources Plan** - In 2008, the staff and Board began updating Denver Water’s Integrated Resource Plan (IRP), a comprehensive plan that will guide decisions related to the water system—the collection, treatment, distribution, and recycling systems—over the next 40 years. This long-range planning effort continued throughout 2009, and publication of the completed plan is slated for late 2010. Provisions of the new IRP will establish the level of service Denver Water intends to provide to customers, scrutinize water demand projections and demand management alternatives, and identify water efficiency opportunities and new facility needs. It will also examine potential challenges to the water system and will clarify the Board's goals regarding system reliability, strategic water reserves, and Denver Water’s role in regional and statewide water activities.
- **Secure Approvals to Enlarge Gross Reservoir** - After reviewing public comments on the draft EIS for the proposed project to enlarge Gross Reservoir, the U.S. Army Corps of Engineers will complete a Final EIS and issue a Record of Decision. Denver Water will assist the Corps in responding to the public's comments and will finalize its mitigation

plan and associated agreements with stakeholders. Once the Corps has issued a Record of Decision and a permit, Denver Water will proceed with finalizing its application for an amendment to the Gross Reservoir FERC license. Though some preliminary design work was required for an adequate description of the proposed project, the permit from the Corps, the FERC amendment, and several other permits are needed before the project's design can be completed and construction can begin.

- **Ensure Successful Implementation the Board's 10-Year Capital Plan** - As part of Denver Water's \$1.3 billion 10-year Capital Improvement Plan, the Board has approved a \$94.1 million capital plan for 2010. Dam upgrades at two of our reservoirs—Cheesman and Williams Fork—account for \$24.6 million, or 26 percent of the 2010 capital budget. All together, the 2010 capital plan covers 183 projects. In addition, the 10-year plan directs staff to accelerate its pipe rehabilitation and replacement program by 10 percent each year.
- **Launch a Project to Dredge Sediment From Strontia Springs Reservoir** - The 1996 Buffalo Creek Fire and the 2002 Hayman Fire destroyed much of the vegetation in the watershed surrounding Cheesman and Strontia Springs reservoirs. Subsequent erosion has resulted in huge volumes of sediment and debris being deposited in these two reservoirs, causing Strontia Springs to lose 8 to 10 percent of its storage capacity. To regain this lost capacity, Denver Water will launch a two-year, \$26 million dredging operation at Strontia Springs in mid- to late 2010. Sediment removed from the reservoir will be piped to Denver Water's Kassler facility, a no-longer-operational, nineteenth-century sand filtration plant more than six miles downstream. The dredging project, delayed because of a Board directive to reduce operating expenses in 2009, represents Denver Water's single largest operating expense over the current 10-year planning horizon.

SEC Periodic Disclosure Requirements

Rule 15c2-12(b)(5) requires Participating Underwriters to determine that the issuer of municipal securities has undertaken in a written agreement for the benefit of holders of such securities to provide annual financial information in a timely manner to each nationally recognized municipal securities information repository and to the appropriate state information depository, if any. The Government Finance Officers' Association of the United States and Canada (“GFOA”) recommends that the disclosure be contained in the CAFR. The disclosure that Denver Water has undertaken to provide in order that participating underwriters may comply with this rule can be found on the following pages:

Budgetary Controls	Page I-2
Audited Financial Statements	Section II - Financial Section
Total Outstanding Indebtedness	Section II - Notes 6, 7, 10, Exhibits II-A through II-G
Number of Customer Accounts	Page III-23
System Development Charges and Participation Receipts	Page III-32
Receipts and Expenditures	Page III-55

Information for prior years and information related to the City and County of Denver is available at <http://www.dacbond.com>.

Awards and Acknowledgements

Awards

Comprehensive Annual Financial Report. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its CAFR for the fiscal year ended December 31, 2008. This was the 21st consecutive year that Denver Water has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

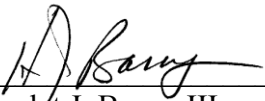
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Annual Budget. In addition, Denver Water also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2009. This is the 18th consecutive year Denver Water has received this award. In order to qualify for this award, Denver Water's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

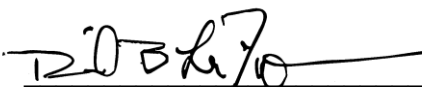
Acknowledgments

We wish to express our appreciation to all members of Denver Water who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Water Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Denver Water's finances.

Sincerely,

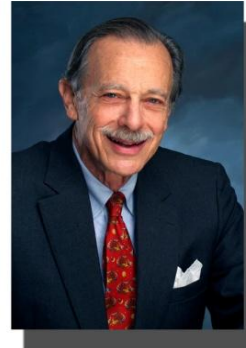
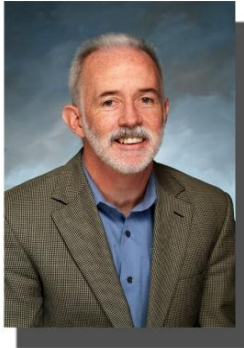


Hamlet J. Barry, III
Manager, Denver Water



David B. LaFrance
Director of Finance

BOARD OF WATER COMMISSIONERS - As of December 31, 2009



**Top from left, Penfield W. Tate III, John R. Lucero;
Bottom from left, Thomas A. Gougeon, Paula Herzmark, Greg Austin**

Penfield W. Tate III, President
Attorney: Greenberg Traurig

*Commissioner since October 18, 2005;
Term expires July 10, 2011.*

John R. Lucero, First Vice President
Broker Associate, Lucero Real Estate, Inc.

*Commissioner since September 13, 2007;
Term expires December 1, 2011.*

Thomas A. Gougeon
Principal: Continuum Partners LLC

*Commissioner since August 10, 2004;
Term expires July 10, 2011.*

Paula Herzmark
Executive Director, Denver Health Foundation

*Commissioner since April 24, 2009;
Term expires July 10, 2013.*

Greg Austin
Former partner, Holland & Hart LLP.

*Commissioner since July 28, 2009;
Term expires July 10, 2013.*

LAST 20 COMMISSIONERS

Charles G. Jordan	Sep 26, 1983 to Jun 28, 1985	Ronald L. Lehr	Jul 21, 1993 to Apr 20, 1999
D. Dale Shaffer	Aug 9, 1978 to Jul 8, 1985	Joe Shoemaker	Jul 10, 1995 to Jul 9, 2001
John A. Yelenick	Jul 14, 1969 to Aug 25, 1987	Andrew D. Wallach	Jul 18, 2001 to Aug 5, 2003
Marguerite S. Pugsley	May 10, 1978 to Aug 25, 1987	Daniel E. Muse	Feb 10, 2000 to Nov 13, 2003
Elizabeth A. Hennessey	Nov 4, 1985 to Jul 28, 1989	Richard A. Kirk	Jul 21, 1993 to Oct 18, 2005
Malcolm M. Murray	Aug 25, 1987 to Jul 12, 1993	William R. Roberts	Jul 10, 1997 to Oct 18, 2005
Donald L. Kortz	Aug 25, 1987 to Jul 12, 1993	Harris D. Sherman	Dec 6, 2005 to Feb 16, 2007
Monte Pascoe	Sep 26, 1983 to Jul 10, 1995	Denise S. Maes	Jul 10, 1995 to Jul 10, 2007
Romaine Pacheco	Jul 31, 1989 to Jul 10, 1995	Susan D. Daggett	Nov 6, 2007 to Jan 22, 2009
Hubert A. Farbes, Jr.	Jul 8, 1985 to Jul 14, 1997	George B. Beardsley	Feb 2, 2004 to Mar 13, 2009

MANAGER AND STAFF - As of December 31, 2009



Top: Hamlet J. Barry, Secretary-Manager;
Second row from left: Marie L. Bassett, Director of Public Affairs; Christopher R. Dermody, Director of Information Technology; Carla Elam-Floyd, Director of Human Resources; Brian D. Good, Director of Operations & Maintenance; Third row from left: David B. LaFrance, Director of Finance; David L. Little, Director of Planning; Robert J. Mahoney, Director of Engineering; Patricia L. Wells, General Counsel

DISCRETIONARY PERSONNEL

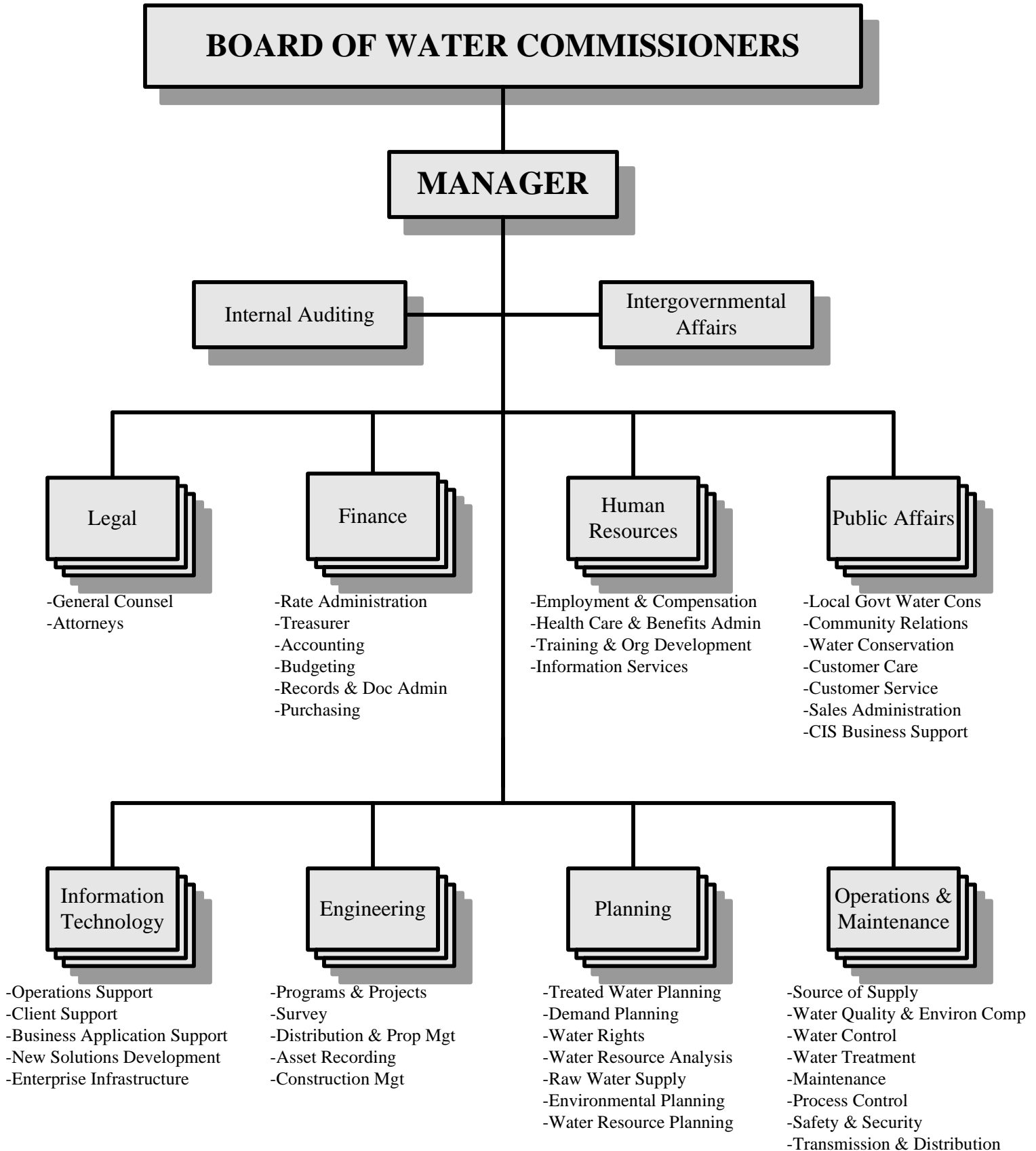
(Employees Serving in Executive Discretionary Positions Solely at the Pleasure of the Board)

Manager and Senior Staff

Hamlet J. Barry, III, Secretary-Manager
Marie L. Bassett, Director of Public Affairs
Christopher R. Dermody, Director of Information Technology
Carla Y. Elam-Floyd, Director of Human Resources
Brian D. Good, Director of Operations & Maintenance
David B. LaFrance, Director of Finance
David L. Little, Director of Planning
Robert J. Mahoney, Director of Engineering
Patricia L. Wells, General Counsel

Other Staff

John H. Bambei, Jr., Chief of Engineering
Prescott Coleman, Manager of Internal Auditing
Todd M. Cristiano, Mgr of Rate Admin (effective April 7, 2010)
Sara Duncan, Intergovernmental Affairs Coordinator
Melissa E. Elliot, Manager of Water Conservation
Trina L. McGuire-Collier, Manager of Community Relations
Thomas J. Roode, Assistant Chief of Engineering
Usha Sharma, Treasurer
Michael L. Walker, Attorney V



CHARTER

CHARTER OF THE CITY AND COUNTY OF DENVER ARTICLE X. BOARD OF WATER COMMISSIONERS

Amended November 7, 2006

§10.1.1 Board of Water Commissioners created.

There shall be and hereby is continued and created a non-political Board of Water Commissioners of five members, to have complete charge and control of a water works system and plant for supplying the City and County of Denver and its inhabitants with water for all uses and purposes.

(Charter 1960, C4.14; amended May 19, 1959)

§10.1.2 Appointments to Board.

On the second Monday in July of odd-numbered years, the Mayor shall appoint one or two Commissioners, as the case may be, for terms of six years each to succeed those whose terms are expiring. The members of the Board of Water Commissioners shall each continue in office until their successors are appointed and qualified. Any vacancy on the Board shall be filled promptly by appointment by the Mayor. Each appointee shall be a citizen of the United States, a resident of the City and County of Denver, and at least 25 years of age. If a member of the Board shall cease to be a resident of Denver, the individual shall thereupon cease to be a member of the Board.

(Charter 1960, C4.15; amended May 19, 1959; Ord. No. 428-02, § 1, 6-3-02, elec. 8-13-02; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.3 Compensation and bonds.

The commissioners shall each receive compensation of \$600.00 per annum. Each Commissioner shall give an oath or affirmation and give an official bond in an amount and conditioned and approved as provided by the Board by resolution. The Board may require the Treasurer of the City and County of Denver to give bond conditioned in such manner as shall be determined by the Board. The premiums on all such bonds shall be paid out of the Water Works Fund.

(Charter 1960, C4.16; amended May 19, 1959; amended November 3, 1998; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.4 Board meetings.

The Board shall hold two regular meetings each month on such days as it may by resolution determine, and special meetings at such other times as it may deem necessary. All meetings shall be open and public. If any member of the Board shall be absent for three successive regular meetings, unless excused by vote of the Board, he or she shall cease to be a member and the office shall be deemed vacant.

(Charter 1960, C4.17; amended May 19, 1959; Ord. No. 428-02, § 1, 6-3-02, elec. 8-13-02; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.5 General powers.

The Board shall have and exercise all the powers of the City and County of Denver including those granted by the Constitution and by the law of the State of Colorado and by the Charter in regard to purchasing, condemning and purchasing, acquiring, constructing, leasing, extending and adding to, maintaining, conducting and operating a water works system and plant for all uses and purposes, and everything necessary, pertaining or incidental thereto, including authority to dispose of real or personal property not useful for or required in the water works operation. The Board shall have authority to generate and dispose of electric energy for water works purposes or any other purpose of the City and County of Denver. The Board may lease water facilities or the flow of water for generation

CHARTER (Continued)

of electric energy and may sell surplus energy, provided that nothing herein shall be construed as permitting the Board to distribute electric energy to the general public. The Board shall have power in the name of the City and County of Denver to make and execute contracts, take and give instruments of conveyance, and do all other things necessary or incidental to the powers herein granted, and in so doing may make such special designation in such instruments as will indicate the capacity in which the City and County of Denver is acting when such actions are taken by or on behalf of the Board of Water Commissioners. The customary practice of dealing in the name of "City and County of Denver, acting by and through its Board of Water Commissioners" is hereby confirmed and approved. The Board shall institute and defend all litigation affecting its powers and duties, the water works system and plant, and any of the Board's property and rights. In any matter affecting the powers, duties, properties, or trusts of the Board, process shall be served on the Board. The Manager of Denver Water is hereby designated as the officer upon whom process may be served in any matter in which the Board of Water Commissioners has the sole authority for the municipal corporation.

(Charter 1960, C4.18; amended May 19, 1959; Ord. No. 428-02, § 1, 6-3-02, elec. 8-13-02)

§10.1.6 Manager and personnel.

The property and personnel under control of the Board shall be referred to generally as Denver Water. The Board shall designate a Manager, who shall cause the Board's policies and orders to be executed and shall bring to the Board's attention matters appropriate for its action. The Board shall have power to employ such personnel, including legal staff, and fix the classifications thereof as it may deem necessary. All such personnel shall be hired and dismissed on the basis of merit. The Board shall define the duties of each of its employees and fix the amount of their compensation. It shall be the duty of the Board to carry out the intent and requirements of Article XX of the Constitution of the State of Colorado with respect to civil service for public utilities and works and to perform the customary functions of a civil service commission with respect to all Board employees. In performing the functions of a civil service commission, the Board or its designee shall have the power to conduct hearings, administer oaths and issue subpoenas enforceable in the County Court of the City and County of Denver. The Board may establish classifications of employment for persons outside the civil service system who serve solely at the pleasure of the Board. Such employees shall include the number of temporary employees the Board deems necessary and not more than 2% of all regular employees of the Board.

(Charter 1960, C4.19; amended May 19, 1959; amended November 3, 1998; Ord. No. 659, § 1, 8-26-02, elec. 11-5-02)

§10.1.7 Water Works Fund.

There is hereby created a Water Works Fund into which shall be placed all revenues received from the operation of the Water Works system and plant together with all monies received by the Board from other sources. The Board shall maintain records in compliance with generally accepted accounting principles sufficient for reliance by the Manager of Finance in faithfully accounting for the Water Works Fund. The Board shall promptly deposit all receipts into a bank account in the name of the City and County of Denver acting by and through its Board of Water Commissioners. The Board may invest such funds until they are required for operations of the Board. Monies shall be paid out of the account only upon the authority of the Board and evidenced as required pursuant to procedures established by the Manager of Finance.

(Charter 1960, C4.20; amended May 19, 1959; amended August 11, 1992; Ord. No. 659, § 1, 8-26-02, elec. 11-5-02; Ord. No. 582-06, § 1, 8-22-06, elec. 11-7-06)

§10.1.8 City auditor.

The Auditor of the City and County of Denver shall audit or cause to be audited the accounts of the Board at least annually and make a report of his or her findings to the Council of the City and County of Denver. The Board shall make all of its accounts and records fully available to the Auditor to enable the Auditor to carry forward these duties that shall be performed without interference with the water works function. Unless excepted by the Audit Committee as provided in section 5.2.2(C), the Auditor, or some person designated by him or her, shall countersign

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and register all bonds and written contracts (with the privilege but without the necessity for keeping copies thereof). The Auditor may authorize the affixing of his or her signature by mechanical means.

(Charter 1960, C4.21; amended May 19, 1959; Ord. No. 428-02, § 1, 6-3-02, elec. 8-13-02; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02; Ord. No. 582-06, § 1, 8-22-06, elec. 11-7-06)

§10.1.9 Water rates.

The Board shall fix rates for which water shall be furnished for all purposes within the City and County of Denver, and rates shall be as low as good service will permit. Rates may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare. The rates may also be sufficient to provide for the accumulation of reserves for improvements of such magnitude that they cannot be acquired from the surplus revenues of a single year.

(Charter 1960, C4.22; amended May 19, 1959)

§10.1.10 Uniformity of rates.

Except as herein otherwise specifically provided, rates charged for water furnished for use inside the city limits of the City and County of Denver shall be uniform as far as practicable and so related to the service furnished or the volume of water used as to bring about a fair and equitable distribution among all water users of the total amount to be realized from revenues derived from the sale of water used within the City and County of Denver. No special rate or discount shall be allowed to any property, entity, person or class of persons except as in this charter specifically provided.

(Charter 1960, C4.23; amended May 19, 1959)

§10.1.11 Enforcement of charges.

The Board may enforce the payment of any charge by discontinuing service to the premises at which the charge arose without regard to the ownership or occupancy of such premises.

(Charter 1960, C4.24; amended May 19, 1959; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.12 City rates.

Commencing January 1, 1960, the Board shall furnish water to the municipal government of the City and County of Denver at rates which shall approximately equal but not exceed the cost of the water furnished, not including items in such rate for debt service, additions, extensions or betterments. Such rate shall not be applicable to agencies or authorities sponsored by or supported by the City and County. The Board shall own, control and operate all water, water rights, structures and facilities of the City and County of Denver pertaining to the Farmers and Gardeners Ditch and the City Ditch. The Board shall furnish water out of the City Ditch or some equivalent source for the use of Denver in City Park and Washington Park, without any charge whatsoever.

(Charter 1960, C4.25; amended May 19, 1959)

§10.1.13 Water leases.

The Board shall have power to lease water and water rights for use outside the territorial limits of the City and County of Denver, but such leases shall provide for limitations of delivery of water to whatever extent may be necessary to enable the Board to provide an adequate supply of water to the people of Denver. Every such lease shall contain terms to secure payment of sufficient money to fully reimburse the people of Denver for the cost of furnishing the water together with an additional amount to be determined by the Board. Sales at amounts less than

CHARTER (Continued)

the above minimum may be made if warranted by economic conditions, but a contract providing for such lesser charge shall not extend for more than one year.

(Charter 1960, C4.26; amended May 19, 1959; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.14 Expenses.

The entire cost of the operation and maintenance of the water works system and plant under the control of the Board shall be paid from monies of the Water Works Fund. The monies and other assets of the Water Works Fund shall not be used for any purpose except for the management, operation and maintenance of the water works system and plant, including additions, extensions and betterments, for recreational opportunities incidental thereto, and for the payment of interest and principal on bonds and other obligations, the proceeds of which were or shall be used for water works purposes.

(Charter 1960, C4.27; amended May 19, 1959; amended August 11, 1992; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.15 Bonded indebtedness.

The Board of Water Commissioners in its sole discretion may issue revenue bonds, the proceeds of which shall be placed in the Water Works Fund and expended for water works purposes, for establishing reserves in connection with such bonds or for refunding the principal of and interest on bonds previously issued by the Board. Revenue bonds shall be payable as to interest and principal solely from the net revenues of the Board. The Board shall pledge to pay the principal and interest on such bonds from revenues of the Board, which pledge shall be irrevocable. The bonds so authorized shall be sold and issued by action of the Board and no other ratification or authorization shall be required. The Board shall have power to refund, pay or discharge the principal of any general obligation bond it issued prior to November 5, 2002, when such bond becomes payable, and may use proceeds of a new revenue bond issuance to refund, pay or discharge the general obligation bonds. Existing or future bonds issued by the Board shall continue to be excluded from the determination of any limit upon the indebtedness of the City and County of Denver.

(Charter 1960, C4.28; amended May 19, 1959; amended May 17, 1983; amended August 11, 1992; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.16 Reserved

Editor's note: (Ord. No. 659-02, § 1, adopted August 26, 2002, repealed § 10.1.6, which pertained to bonds of annexed areas and derived from the Charter of 1960, C4.29; amended May 19, 1959)

§10.1.17 Board organization.

The Board shall adopt rules governing its organization, the calling of special meetings and the conduct of its business. A majority of the Board shall constitute a quorum and all action by the Board shall be taken by a majority of the whole Board and not otherwise.

(Charter 1960, C4.30; amended May 19, 1959)

§10.1.18 Rules and regulations.

The Board may adopt rules and regulations with respect to any matter within its jurisdiction as defined by Charter. It may provide for enforcement of its rules and regulations by imposing special charges in an amount reasonably calculated to secure compliance or recompense for water loss, to achieve water conservation and to reimburse the Board for expenses arising out of violation. In addition to any other lawful remedy, enforcement procedure may include refusal to supply water to a property involved. The City and County of Denver by ordinance may supplement Board rules and regulations and provide penalties for the violation of such an ordinance in the same

CHARTER (Continued)

manner as penalties are provided for the violation of other ordinances. Rules adopted by the Board and within its authority shall supersede any conflicting ordinance provision.

(Charter 1960, C4.31; amended May 19, 1959; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.19 Publication of rules and regulations.

Rules and regulations adopted by the Board shall be effective after they shall have remained posted in a conspicuous public place in the principal business office of the Board for a period of fifteen calendar days. Whenever immediate application of a rule or regulation by the Board is necessary for the preservation of the public peace, health or safety, the Board may so declare, and such rule or regulation shall thereupon become effective immediately upon being posted as provided in this section.

(Charter 1960, C4.32; amended May 19, 1959; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.20 Continuity of control of water.

The Board may make provision for retaining dominion over the water supply under its control through successive uses of such water, such as reuse and exchange. Such dominion shall not be affected by treatment of wastewater produced by use of the water supply.

(Charter 1960, C4.33; amended May 19, 1959; Ord. No. 659-02, § 1, 8-26-02, elec. 11-5-02)

§10.1.21 Reserved.

Editor's note: Ord. No. 659-02, § 1, adopted August 26, 2002, repealed § 10.1.21, which pertained to public liability and derived from the Charter of 1960, C4.34; amended May 19, 1959; and Ord. No. 428-02, adopted June 3, 2002, and approved by the electorate August 13, 2002.

§10.1.22 Conflicting Charter provisions.

The provisions of this Article X shall supersede any conflicting provision of the charter existing on May 19, 1959 when this article was adopted.

(Charter 1960, C4.35; amended May 19, 1959; Ord. No. 428-02, § 1, 6-3-02, elec. 8-13-02)

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A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

The Year 2009 in Review

Denver Water's commitment to offer customers water and service of the highest quality was evident in our operations throughout 2009. This commitment includes an obligation to provide adequate supplies of high-quality water now and in the future, a responsibility to protect the utility's assets and expand them as needed, and a desire to enhance communication with customers and help them use water as wisely as possible.

Two of Denver Water's most visible accomplishments in 2009 involved using technology to improve our ability to communicate with customers. Our new multimillion dollar Customer Information System went live in July, enabling us to bill customers every month instead of every two months. Giving customers more frequent feedback about the amount of water they use helps them monitor and adjust their water use habits in a timelier manner. In addition, the new CIS boosts our ability to track customer account information, analyze water savings and administer more sophisticated rate designs.

Also in July we unveiled our revamped Web site at www.denverwater.org. The newly designed site provides easy-to-access information on topics including billing and rates, conservation, water quality, recreation, construction projects and consumer education, among others. A Conservation link, for example, offers tips on efficient water use, plus information about rebates, incentive programs and water use rules. A Water Service and Support link contains advice for troubleshooting water service problems and phone numbers for requesting help. Customers can also use the site to manage their accounts, pay their water bills or sign up for an automatic payment plan.

We also made progress in our efforts to ensure that the water system—the collection, treatment, distribution, and recycling systems—can continue to provide an adequate supply of water for our expanding customer base. Our broad-based conservation programs, along with Mother Nature's unusual generosity with summer rainfall, reduced 2009 water demand by 9.9 billion gallons compared with 2008. The Denver Water Recycled Water System, also aimed at decreasing demand for potable water, continued to expand, incorporating four additional parks into its distribution system. And the U.S. Army Corps of Engineers moved forward with a plan to augment the storage capacity of one of our existing reservoirs.

In addition to providing adequate supplies, our commitment to customers includes ensuring the water system's reliability. This involves making certain that existing facilities such as reservoirs, treatment plants and distribution mains function optimally and that new facilities are added as necessary.

As part of an ongoing program to preserve the integrity of our potable water distribution system, we cleaned and lined more than 20,000 linear feet of unlined cast-iron water mains in 2009. In May, we began a multimillion-dollar project to overhaul a 1960s-era filtration system at Marston Treatment Plant. And we cooperated with stakeholders in Summit County to complete a vulnerability assessment for the dam at Dillon Reservoir and to develop security measures for the road traversing the dam.

Careful planning and management of capital projects constitute a vital part of ensuring water system reliability. Our Capital Program Review Committee instituted a new review process in 2009 to make sure Denver Water's 10-year Capital Improvement Plan is implemented on schedule. The committee

consists of the directors of four Denver Water divisions—Engineering, Operations and Maintenance, Finance, and Planning.

The new review process delineates stringent procedures that must be followed before project priorities can be shifted or resources diverted from those designated in the capital plan. Another directive specifies that the increased workload dictated by the capital program requires staff to spend more time managing rather than performing tasks related to capital projects. Additional skill sets will generally be secured by contracting with outside resources rather than by adding permanent staff positions.

To help fund its capital projects, Denver Water became the first agency in Colorado to issue Build America Bonds, a new financing tool for state and local governments created by the American Recovery and Reinvestment Act of 2009. Unlike the tax-exempt bonds traditionally issued by government agencies, Build America Bonds are taxable, but they come with a 35 percent federal subsidy on interest costs. In May 2009, Denver Water issued \$44 million of Build America Bonds at an interest rate of just over 6 percent. With the federal tax subsidy, however, Denver Water actually will pay only 3.94 percent, a lower interest rate than the 4.23 percent average rate it pays on its currently outstanding tax-exempt bonds.

This report highlights our major achievements in 2009 and describes the most significant steps we took toward continuing to provide our customers with adequate high-quality supplies and reliable service.

CUSTOMER ACCOUNTS AND TREATED WATER CONSUMPTION

Over the past 10 years, the number of Denver Water customer accounts with active billed consumption climbed from 276,296 in 1999 to 304,995 in 2009, an increase of 10 percent.

Despite the increase in customer accounts, water demand has continued to drop since the dry years of 2002–2004. Average per capita water use in 2009 was 145 gallons a day, 31 percent lower than the pre-drought per capita average of 211 gallons a day. This decrease in demand can be attributed to relatively wet, cool weather during the summer of 2009 as well as to long-term changes in customers' water use patterns. Our reservoirs filled by the first of June in 2009 because warm spring weather melted the snowpack earlier than usual. In early October, the official end of the summer irrigation season, storage levels still averaged 91 percent, 3 percent higher than historic median levels at this time of year.

Consumption of treated water for the year totaled 62.1 billion gallons, 9.9 billion gallons less than in 2008, or a reduction of 14 percent.

WATER RESOURCE MANAGEMENT

Integrated Resource Plan

Long-term planning has been a consistent element in Denver Water's ability to meet customer needs in this fast-growing, semi-arid region. Many aspects of the water system that customers rely on today were planned decades ago.

In 2008, the staff and Board of Water Commissioners began updating Denver Water's Integrated Resource Plan (IRP), a comprehensive plan that will guide decisions related to the water system over the next 40 years. This long-range planning effort continued throughout 2009, and publication of the finished plan is scheduled for late 2010.

The updated IRP will establish the level of service Denver Water intends to provide to customers, scrutinize water-demand projections and demand-management alternatives, and identify water efficiency opportunities and new facility needs. It will also examine potential challenges to the water system—for example, climate change effects, more severe and frequent droughts, changes in demographics and water use patterns, watershed alterations such as those caused by beetle kill and forest fires, Colorado River water shortages, and economic and regulatory changes. In addition, the IRP will clarify the Board's goals regarding system reliability, strategic water reserves, and Denver Water's role in regional and statewide water activities.

The new IRP will address future supply uncertainties by incorporating a range of alternative outcomes, rather than taking the more traditional approach of projecting a single outcome and planning for that. A sophisticated new demand model has enhanced our understanding of the key determinants of water use and is helping us better prepare for a variety of changing water use patterns. The final plan will describe strategies for implementing and paying for each alternative outcome, and it will examine the financial, environmental and social costs associated with each strategy.

The task of developing the new IRP involves Board members and staff members working on five teams and contributing expertise from various functional groups, including Finance, Engineering, Operations and Maintenance, Legal, and Public Affairs. The plan will also reflect input from customers, the Citizens Advisory Committee, Denver Water's distributors, public entities, environmental and other special-interest groups, neighboring Front Range utilities, and industry experts.

Addressing Climate Change

Climate change poses special challenges for water utilities because we rely on predicting the timing and volume of precipitation with relative accuracy. Recognizing that climate change may hamper our ability to predict these variables, Denver Water's Planning staff has recommended several actions that will better prepare us to address potential uncertainties. These include developing future precipitation and water supply scenarios for inclusion in the new IRP and determining how we might respond, diversifying our raw water sources, increasing our strategic reserves, and expanding pipeline capacity for Lower South Platte River supplies in cooperation with other water providers such as the city of Aurora and the East Cherry Creek Valley Water and Sanitation District.

Augmenting Supplies

Denver Water's ability to provide long-term, reliable supplies in the face of changing climatic conditions and a growing customer base relies on three strategies for augmenting existing supplies:

- Conservation—reducing demand,
- Recycling—providing highly treated wastewater for nonpotable uses such as irrigation and industrial applications, and
- Developing new supplies—enlarging capacity at an existing reservoir and converting several previously mined gravel pits into additional storage facilities.

Conservation

Water efficiency programs remain the cornerstone of our efforts to stretch Denver Water's limited water resources. Our 10-year program to reduce average per capita water use in our service area made significant advances in 2009. This program, inaugurated in 2007, uses a variety of incentives to encourage customers to make permanent changes in their water use habits, eliminate water waste, and move baseline use to a more efficient level.

Financial Incentives. In 2009, Denver Water spent more than \$5.5 million on programs aimed at encouraging customers to conserve water. These programs included rebates toward the cost of water-efficient fixtures, appliances, and irrigation equipment; performance contracts with commercial, industrial, and institutional (CII) customers who initiate water-savings programs, and incentive contracts for customers who implement water-efficient irrigation projects.

Rebates for Residential Customers. In the 2009 rebate year (January 2009 through February 2010), we issued almost \$2.5 million in rebates to residential customers who replaced water-guzzling household plumbing fixtures and appliances with water-efficient models. Rebates for low-water-use clothes washers accounted for more than \$1.4 million, or about 57 percent, of these funds; rebates for high-efficiency and low-flow toilets constituted 41 percent; and the remainder went for residential irrigation devices such as rain sensors, rotary spray nozzles, and evapotranspiration controllers. (Evapotranspiration is the amount of water lost to the atmosphere from soil and plant surfaces.) We estimate that installing these water-efficient fixtures and appliances will save more than 550 acre-feet of water. (An acre-foot, or 325,851 gallons, is enough to cover Invesco Field at Mile High with a foot of water.)

Rebates for Commercial Customers. During 2009, eight CII customers participated in one-year performance contracts to improve their water use efficiency. Projects included reducing the amount of water consumed by industrial cooling towers and hospital steam sterilizers, reusing some of the process water used in food production, and installing ozone laundries that lower water, energy, and chemical use in large-scale laundry facilities such as those in hotels, nursing homes, prisons, and gyms.

CII customers can also qualify for rebates on water-efficient fixtures and equipment even if their installation is not part of a performance contract. To promote rebates for indoor water savings with appropriate CII customers, we began building partnerships in 2009 with the Colorado chapters of the National Association of Industrial and Office Properties and the Building Owners and Managers Association.

Rebates for Large Properties Under Construction. For the first time in 2009, we began offering rebates for water-efficient fixtures and appliances installed in large properties under construction. As of October, Spire, a high-rise condominium development in downtown Denver, had rebate contracts totaling more than \$200,000 for high-efficiency toilets, washing machines, and submeters. Another multifamily residential property had a rebate contract for 324 high-efficiency toilets.

Incentives for Irrigators. We also expanded our irrigation efficiency program in 2009, hiring a conservation specialist to inform more homeowners associations and property management companies about our incentive contracts for curbing irrigation water use. Commercial or irrigation-only customers who enter into Denver Water's irrigation efficiency contracts receive rebates toward the cost of specified irrigation equipment, plus \$7,000 for each acre-foot of water saved annually over a five-year period. Seventeen customers received payments through these contracts in 2009—nine homeowners associations, four apartment complexes, two government agencies, a school district and a commercial venue. Payments for the 202 acre-feet of water saved by these projects in 2009 amounted to more than \$180,000. As a result of new contracts signed in 2009, more than 40 irrigation customers are expected to receive payments in 2010.

Incentives for Cooling Tower Operators. Cooling towers often constitute the largest source of water consumption in commercial and institutional facilities, and their water use can be reduced by recirculating the cooling water multiple times before any of it is replaced. Denver Water provides financial assistance to customers who want to improve the efficiency of their cooling towers. In December 2009, we conducted a workshop to educate property managers about our cooling tower incentive contracts, and we carried out 55 cooling tower audits for customers during the year.

Also in 2009, we completed a pilot project with Denver Public Health, which operates four identical cooling towers. Using a different operating process for each tower, the pilot study generated efficiency data that can be incorporated into future incentive contracts.

Incentives for Municipal Agencies. Since 2007, a Denver Water staff member has been working full time with City and County of Denver officials on a variety of water conservation programs, including retrofitting municipal buildings such as libraries and recreation centers with water-efficient plumbing fixtures and converting portions of public land from bluegrass turf to more sustainable landscapes. Denver Water generally pays for the materials needed for these projects, and the city takes care of installation.

In addition to these ongoing projects, the City and County launched several new conservation projects in 2009. The largest was a system-wide program to upgrade aging irrigation systems managed by Denver Parks and Recreation. The multiyear project is being funded with \$17 million from the Better Denver Bond Program authorized by a 2007 ballot initiative. In July 2009, Denver Water agreed to support Denver Parks' conservation efforts with a 10 percent match not to exceed \$1.7 million over the next five years. When completed, the irrigation system upgrades are expected to save roughly 400 acre-feet of water per year.

An engineering study of the Denver Public Schools system will delineate opportunities for conserving water both indoors and out. Initiated in 2009, the study will be completed early in 2010. Ten percent of

YEAR IN REVIEW – 2009 (Continued)

the system's schools were retrofitted with high-efficiency fixtures in 2009. The retrofits will continue for the next several years, eventually saving an estimated 240 acre-feet of water per year in return for Denver Water's investment of less than \$1.8 million. The next phase of the project will be aimed at reducing outdoor water use.

To encourage the installation of sustainable landscapes on city-owned property, Denver Water hired a group of turf grass specialists in 2009 to determine the best methods for replacing existing bluegrass with alternative grasses in selected situations. Their report, due in mid-2010, will provide instructions for conversions in various settings, including land along stream corridors and underutilized areas at parks, schools, and golf courses. The report will also contain short- and long-term maintenance recommendations.

As part of our goal to shift metro-wide water use toward greater efficiency, another full-time staff member has been dedicated to helping Denver Water's suburban distributors take advantage of water-saving incentives. Denver Water helps these customers determine their baseline water use and then agrees to buy back potential water savings through the advance purchase of high-efficiency plumbing fixtures and irrigation equipment and other water-saving devices. By means of a contract signed before the equipment is purchased, the one-time buy-back establishes reliable water savings for at least 10 years.

New water-efficiency contracts signed in 2009 covered plumbing fixture retrofit projects with the Cherry Creek School District and the Lakewood Housing Authority. The first phase of a multiyear program of retrofits in Cherry Creek schools is expected to save approximately 59 acre-feet of water per year in return for Denver Water's one-time cost of \$261,000. Water savings to be gleaned from the two projects in Lakewood are estimated at about 10 acre-feet per year, for which Denver Water will spend just under \$90,000.

Leak detection and repair programs are an essential component of water conservation. In addition to wasting water, leaky distribution mains result in revenue losses and can damage streets, building foundations and other property. Year-round leak detection programs for the City and County of Denver and Denver Water's Total Service Contract distributors have been in place since 1981. In 2009, we initiated a pilot project to search for underground leaks in the pipelines of Denver Water's Master Meter and Read and Bill distributors. Nine distributors volunteered to participate in the leak detection survey, and by the end of the year the private company conducting it had examined some 55 miles of pipeline. When the survey is finished in early 2010, it will have checked approximately 135 miles of pipe. Because no major leaks (more than 50 gallons per minute) have been found, Denver Water is not attributing any water savings to this project, but the survey will establish a baseline assessment of the integrity of these distribution mains for future preventive maintenance. The cost of the work completed in 2009 was just over \$6,000.

Incentives for State and Federal Agencies. An extensive audit of the Auraria Higher Education Center—home to Metropolitan State College of Denver, the University of Colorado Denver, and the Community College of Denver—identified the potential for significant water savings. Over the next few years, campus buildings will be retrofitted with almost 700 high-efficiency plumbing fixtures. In October 2009, Denver Water ordered the first batch of fixtures at a cost of \$200,000. Once all the new fixtures are installed, they are expected to save more than 28 acre-feet of water per year. To curtail its

YEAR IN REVIEW – 2009 (Continued)

outdoor water use, Auraria is converting to a central irrigation control system, installing artificial turf on its athletic fields and planting alternative grasses throughout the campus.

Retrofit Programs. Our residential retrofit programs provide high-efficiency plumbing fixtures at no cost to recipients. In some cases, Denver Water also foots the bill for installation; in others, recipients pay for the fixtures to be installed.

Retrofits for Low-Income Housing and Nonprofit Facilities. For the third consecutive year, Denver Water paid the Mile High Youth Corps to retrofit low-income households and nonprofit facilities with water-efficient toilets, showerheads, and faucet aerators. Since this program began in 2007, we have extended its reach from the City and County of Denver to other locations in our combined service area, and the number of retrofits has increased each year—854 high-efficiency toilets were installed in 2007, 1,500 in 2008, and more than 2,400 in 2009. On average, installation of these new fixtures results in a 15 percent decrease in the facility's water use.

In 2009, we also entered into a contract with Habitat for Humanity to purchase all donated inefficient toilets the nonprofit was reselling to fund its home-building program. This arrangement is intended to prevent re-installation of outdated, water-wasting toilets.

Retrofits for Condominium Associations. A new retrofit program targets condominium associations that sign up their owners or tenants to install high-efficiency toilets furnished by Denver Water. This program is designed to reach households that don't normally have direct contact with Denver Water. More than 300 replacement toilets were installed at the Cherry Creek III Condominium Association in 2009.

Public Education Programs. Denver Water uses a variety of tools to let customers know about its conservation incentives. These tools include a variety of outreach activities, including advertising campaigns and water use audits.

Outreach Activities. The Conservation staff's primary goal is to convince customers that wise water use is their contribution to securing future supplies. Beginning in 2009, all of our printed conservation materials reflect the "Use Only What You Need" message popularized by recent advertising campaigns. These materials include customer bills, which were redesigned when Denver Water switched to monthly billing in July, an annual conservation magazine called *Solutions*, signage for local hotels and restaurants, and handouts on topics such as toilet replacement, irrigation audits, and summer watering restrictions. The Conservation section of Denver Water's new Web site also reinforces the Use Only What You Need message.

In addition to producing print and electronic communication tools, the conservation staff participated in more than 30 outreach events in 2009. More than 12,000 people attended these events, which ranged from neighborhood presentations to industrial and commercial trade shows. We continued to sponsor training workshops in cooperation with GreenPlumbers, a nonprofit organization that teaches licensed plumbers about water-efficient technologies. And our 2009 media relations efforts were also fruitful, resulting in coverage of our conservation incentives for commercial customers and stories about checking toilets for leaks, watering trees and shrubs in dry weather, and not irrigating lawns during rainfall.

YEAR IN REVIEW – 2009 (Continued)

Advertising Campaigns. The 2009 summer advertising campaign featured the slogan –“Grass is dumb. It won’t notice if you water 2 minutes less.” In November and December 2009, an independent consultant conducted a survey to help us gauge customer awareness of the need for conservation. Of the 1,400 customers surveyed, 89 percent were aware of the Use Only What You Need campaign and 47 percent were aware of the Grass is Dumb campaign. Approximately two thirds of respondents said they had made changes in their water use over the past few years. The most frequently cited change was reducing the amount of water used for lawn irrigation. Other changes included taking shorter showers and installing more efficient toilets and clothes washers. The main motivators for conserving were social responsibility, concerns about drought, and the desire to lower water bills.

Water Use Audits. Denver Water offers free, on-site water use audits to help customers identify ways to reduce their water consumption and their water bills. Many of these audits prompt customers to enter into water efficiency contracts. In 2009, we conducted audits for 80 irrigation-only customers, and 31 customers signed contracts agreeing to adopt water-saving irrigation practices.

In addition, we performed 349 high-bill audits in 2009 for customers who received unexpectedly high water bills. For these audits, a Denver Water technician visited the customer’s property to look for leaks, faulty irrigation systems or other devices that were using water inefficiently. The problems that were corrected are expected to save an estimated 30 acre-feet of water per year.

Water use audits also played a leading role in two pilot programs initiated in 2009. A new program for outdoor residential audits targeted highly inefficient single-family households in three residential neighborhoods—Green Valley Ranch, Lowry and Hilltop. Households that used more than 30 gallons of water to irrigate a square foot of turf were considered highly inefficient and were eligible to receive a free irrigation audit, along with a free wireless rainfall sensor, a customized irrigation schedule, and a lesson on setting an irrigation system clock. Of the 350 customers whose households matched this description, 65 agreed to undergo an audit.

Another pilot program—Plumb Green, Save Blue—also got off the ground in 2009. This program used consumption and Geographic Information System data to identify neighborhoods that appeared to be good candidates for reducing indoor water use through plumbing fixture retrofits. A large number of households that used more than 120,000 gallons of water indoors each year were compared with census data for households with annual incomes of \$45,000 to \$65,000. On the basis of this comparison, the Green Valley Ranch and Harvey Park neighborhoods were selected for the pilot program.

The 80 customers who signed up for the program received an indoor water use audit, a high-efficiency toilet, and water-efficient showerheads and faucet aerators for an installation cost of \$49. GreenPlumbers provided installation services through local plumbing companies. Water savings data from the initial phase of the program will be analyzed in early 2010.

Operating Rules. Several of Denver Water’s operating rules relate to conservation. These rules require customers to refrain from lawn-watering between 10 a.m. and 6 p.m. and during rainfall, avoid watering sidewalks or streets, amend soil before installing turf and other plants at new tap sites, and abide by the water budgets established for lawns larger than one acre.

YEAR IN REVIEW – 2009 (Continued)

This was the first full year in which soil preparation was required before landscaping could be installed at new tap sites in Denver Water's service area. Conservation staff members devoted a lot of time in 2009 to consulting with builders, developers, distributors and green industry professionals to make sure the soil amendment program was designed to be as efficient and effective as possible. By the end of the year, we had also performed more than 1,000 soil amendment inspections.

We communicated regularly with customers who were obliged to adhere to water budgets because the property they irrigated exceeded one acre. Initially, these customers received a letter explaining their water allocation, and throughout the irrigation season, they received postcards showing how much water they were using compared with their allocation. Those who exceeded their allotment for the year received a fine equal to five times their normal water rate for the extra amount they used.

Enforcement Program. Our water use enforcement program helps customers comply with these operating rules. From May through September 2009, 12 temporary workers patrolled Denver Water's service area, monitoring water use and talking with more than 3,000 customers about observed or reported water waste. Our hot line allowing customers to report water waste received more than 1,700 phone calls during the summer irrigation season. Follow-up visits to these sites were primarily educational stops for residential customers.

Recycled Water System

Like our conservation programs, Denver Water's Recycled Water System helps to augment supplies by reducing demand for potable water. The system currently treats and distributes approximately 2.3 billion gallons, or 7,060 acre-feet, of recycled water for irrigation and certain industrial purposes. In July and August 2009, four northeast Denver parks—Crescent, Denison, McNichols and Verbena—were added to the recycled water distribution system. With these additions, the system now supplies irrigation water to 15 parks, three schools, three municipal golf courses, and the Denver Zoo. It also provides recycled water to Xcel Energy's Cherokee Power Plant.

In March 2009, Denver Water began updating the Recycled Water System Master Plan, which will be incorporated into the long-range Integrated Resource Plan. The goal established by the updated master plan is to expand the recycled water system to deliver more than 5 billion gallons, or 17,500 acre-feet, of recycled water per year by 2020, freeing up enough potable water to serve about 42,500 households each year. Slated for completion in May 2010, the plan will set priorities for building recycled water facilities in various parts of Denver Water's service area based on existing commitments, types of customers, construction costs, and overall demand for recycled water.

Expanding Raw Water Storage

Planning projections indicate that without preventive measures, Denver Water will experience a water supply shortage of 34,000 acre-feet by 2030. To make sure our water system can keep up with demand, we plan to save 16,000 acre-feet of needed supply through conservation measures and to glean the remaining 18,000 acre-feet by increasing storage capacity in the Moffat Collection System at the north end of the water system.

The Moffat System currently stores approximately 10 percent of Denver Water's supply and is at risk of running out of water in a single dry year. To achieve a better balance between our collection systems, the Board has recommended enlarging Gross Reservoir, Moffat's primary storage facility.

YEAR IN REVIEW – 2009 (Continued)

Adding capacity in this reservoir will help address the projected supply shortage, assist us in dealing with future droughts, and serve as a safety net if the south end of the water system faces unexpected challenges such as those caused by recent wildfires in our watersheds.

Raising the reservoir's dam by 125 feet will provide an additional 18,000 acre-feet of water, enough to supply roughly 45,000 households each year. Because the reservoir was originally designed to be this larger size, ancillary facilities such as the Moffat Tunnel and the South Boulder Diversion Canal will not have to be modified, and no additional water rights will be needed.

In October 2009, the U.S. Army Corps of Engineers released a Draft Environmental Impact Statement (EIS) describing the potential environmental effects of the proposed project and giving the public an opportunity to submit comments. The draft document addressed comments previously submitted by the U.S. Environmental Protection Agency, the Federal Energy Regulatory Commission (FERC), and officials in Grand County.

Once the public comment period ends March 1, 2010, the Corps will complete a Final EIS and issue a Record of Decision. Once a Record of Decision and a permit have been issued, Denver Water will finalize its application for an amendment to the Gross Reservoir FERC license. Though some preliminary design work was required for an adequate description of the proposed project, the permit from the Corps, the FERC amendment, and several other permits are needed before the project's design can be completed and construction can begin.

CAPITAL CONSTRUCTION

Capital spending in 2009 totaled just over \$69.2 million, \$26.1 million less than the budgeted amount of \$95.3 million. Most of this variance was caused by unforeseen delays related to our two largest capital projects—installation of new inlet controls at Cheesman Dam and a new hydropower facility at Williams Fork Reservoir. Upgrades to storage facilities and treatment plants claimed the largest share of 2009 capital expenditures.

Reservoir Improvements

In addition to ensuring that water is available throughout the year, Denver Water's reservoirs store reserve supplies for use in dry years. Capital projects undertaken in 2009 will improve the quality of water withdrawn from one reservoir and enhance operations and dam safety at others.

Marston Reservoir. Construction of a multilevel outlet structure at Marston Reservoir will improve the quality of water sent to the treatment plant from this facility by allowing water to be withdrawn from selected layers of the reservoir. The new outlet works will also enhance the safety of Marston Dam. A \$465,000 contract for final design of the project was awarded in May 2009. Designers are taking into account data gleaned from operation of an oxygenation system installed in 2008 to ameliorate recurrent taste and odor problems in water stored in this reservoir. The design will be finished in mid-2010. Construction, expected to be complete by 2015, will cost approximately \$10.5 million.

Cheesman Reservoir. A large capital improvement project at Cheesman Reservoir features upgrades to the dam's outlet works plus new inlet slide gates and trash racks. Fabrication of the trash racks, ordered in July 2009, will cost roughly \$197,000. A \$12.7 million construction contract, which includes diving services for underwater installation of the slide gates, was awarded in October 2009. Installation of the slide gates and trash racks is scheduled to start in early 2010. The outlet works upgrades involve demolishing old valves inside the dam and installing a new jet flow valve in an outlet tunnel. This portion of the project will be designed in 2010 and constructed in 2010–2011. Although the reservoir will be closed to visitors January 2010 until May 1, 2011, the trails giving hikers access to Cheesman Canyon will remain open.

Williams Fork Reservoir. Williams Fork Reservoir, completed in 1959, stores water from the Williams Fork River drainage basin. Releases from the reservoir are based largely on exchange requirements for diversions from the Fraser River through the Moffat Tunnel. In 2007, we began design work in preparation for replacing the dam's outlet works and expanding its hydropower production capacity. The project includes installation of three new free-discharge valves, three new cone valves, a 0.5-megawatt vertical hydropower turbine (which will enable Denver Water to generate energy on low-flow releases from the reservoir), a 66-inch butterfly valve, a bridge crane, and a new maintenance building. The facility's electrical and mechanical systems will also be overhauled. A construction contract for this multifaceted project was awarded in October 2009. Construction is scheduled for early 2010 through January 2012 and is expected to cost approximately \$17 million.

A smaller capital project at this facility was completed in August 2009 when divers sealed the upstream gates and installed a polyurethane lining in the dam's 50-year-old penstock and outlet pipe in order to prolong their useful life. The cost of diving services for this operation was approximately \$950,000.

Platte Canyon Dam. A \$204,000 contract for final design and preparation of plans and specifications for a new spillway at Platte Canyon Dam was signed in March 2009. Modifications to the spillway are required to comply with flood design requirements recently approved by the Office of the State Engineer. Construction will begin in 2011.

Gravel Pit Conversions

To enable us to capture reusable return flows from our South Platte Collection System, we have purchased several previously mined gravel pits downstream from Denver and are converting them into water storage facilities. Water stored in these downstream reservoirs will be returned to the South Platte in exchange for supplies provided to our upstream reservoirs and our recycling plant. Ultimately, these downstream reservoirs will provide some 30,000 acre-feet of additional storage capacity.

South Reservoir Complex. The South Reservoir Complex, which consists of Cat and Miller reservoirs, is located in Adams County adjacent to the South Platte River between Interstate Highways 270 and 76. These former gravel pits have been converted into two interconnected storage facilities that are filled from the South Platte River through the facilities of the Burlington Canal.

Cat and Miller Reservoirs. This reservoir complex began storing water in April 2009. The Cat facility has a storage capacity of 1,349 acre-feet, and Miller's capacity is 1,895 acre-feet. An interconnect

crossing under the South Platte links the two reservoirs. The pump station, which serves as the outlet facility for both reservoirs, was completed in October 2009 for about \$4 million. Solar-powered water-circulation equipment purchased and installed in October keeps the water in both reservoirs oxygenated, slowing the growth of blue-green algae. The cost of creating the two storage facilities currently stands at close to \$36 million. Work on additional site improvements above the water storage level—for example, security fencing and gates and a storm water diversion project at Cat—will continue into 2010.

North Reservoir Complex. The North Reservoir Complex, also in Adams County and consisting of the Hazeltine, Howe-Haller, Dunes and Tanabe facilities, is adjacent to the South Platte between 108th and 120th avenues. This reservoir complex will eventually capture reusable return flows through the facilities of the Fulton Ditch. Stored water will be returned to the river by means of a pump station to be located in the expanded Hazeltine Reservoir and will be exchanged upstream.

Howe-Haller Reservoir. A project to stabilize and line the slopes of Howe-Haller Reservoir got under way in April 2009 and was completed in October. The cost of this project was roughly \$912,000. Interconnection facilities between Howe-Haller Reservoir Cells A and B, and between Cell B and Hazeltine Reservoir, were designed in 2009 and are ready for construction. Construction is scheduled for 2011 but could be moved into 2010, depending on the availability of capital.

Hazeltine and Road Runners Gravel Pits. The Hazeltine, Road Runners and Brinkmann-Woodard gravel pits have been combined into a single facility known as Hazeltine. The enlarged Hazeltine facility is still being excavated to create the desired volume of storage capacity. Altogether, more than a million cubic yards of material will need to be excavated at the site. A December 2009 agreement with the contractor responsible for removing the material extends this work into 2010 and includes stockpiling slope-liner material needed for future construction at the reservoir complex.

Fulton Inlet Pipeline. The Fulton Inlet Pipeline will connect the storage facilities in the North Reservoir Complex with the Fulton Ditch. A \$179,000 contract for final design of the pipeline was signed in March 2009, and a construction contract was awarded in August. Installation will be completed in the spring of 2010 at a cost of \$2.3 million. The favorable bidding climate in 2009 lowered construction costs by more than \$1 million compared with the engineer's estimate.

Treatment Plant Upgrades

A large capital project at one of Denver Water's treatment plants will improve its filtration capabilities. Another plant's flocculation/sedimentation basin was repaired, and smaller projects affecting more than one treatment facility entailed roofing improvements and HVAC system modifications.

Marston Water Treatment Plant. Marston's Filter Plant 2, built in the 1960s, is being upgraded to increase the plant's capacity and reliability. Capital improvements designed to boost capacity include constructing a new filter underdrain system, installing new filter media and larger filter effluent piping, and adding air scour piping and filter-to-waste piping. A new standby generator for the flocculation/sedimentation process and new baffling in the disinfection contact basin will improve the plant's reliability.

YEAR IN REVIEW – 2009 (Continued)

Under the project's construction-manager-at-risk agreement, the construction manager acts as the general contractor and agrees to deliver the project within a guaranteed maximum price. The first phase of construction began in May 2009. Its \$8.2 million cost represents substantial savings compared with the engineer's estimate of \$12 million. The electrical portion of the project will cost just under \$2.9 million, and the guaranteed maximum price for the entire project is \$11,178,226. The consulting firm that designed the project will provide technical assistance during construction at an additional cost of \$277,000. Construction is expected to take 15 months and will require at least one plant shutdown lasting as long as four months.

Foothills Water Treatment Plant. A 2009 structural evaluation of the concrete flocculation/sedimentation basin at the 25-year-old Foothills plant revealed the need for several repairs, including refurbishing the basin's expansion joints. A contract for design of the necessary modifications was authorized in July. Repairs, started in early December and scheduled for completion by May 2010, are expected to cost roughly \$513,500.

Another capital project at Foothills involved construction of a new access building for a vault that houses sampling pumps and chemical feed lines. The original vault was below ground, had limited access, and was vulnerable to flooding. The replacement building, which is above ground, contains stairs plus additional HVAC and safety equipment and electrical controls. Construction began in July 2009, is scheduled for completion in February 2010, and cost approximately \$250,000.

Roofing Improvements at Marston and Moffat. A project to repair or replace the roofing on five buildings at the Marston plant and four buildings at the Moffat Water Treatment Plant began in the fall of 2009. The project, expected to be finished in early 2010, cost slightly more than \$847,000.

HVAC Modifications at Marston and the Recycling Plant. A project to increase cooling capacity at the Marston plant's dewatering facility and to add cooling capacity to the recycling plant's chemical storage room was authorized in November 2009. At Marston, an existing rooftop cooling unit will be replaced with a higher capacity, more efficient unit. At the recycling plant, a pipe to deliver chilled water and a cooling coil will be added to the existing air handling unit. Because of the long lead time between purchase and delivery, the cooling coil was ordered before the end of year to ensure that these upgrades could be completed before the onset of summer weather. The cost of both upgrades will be just under \$130,000.

Collection System Enhancements

A canal that feeds the Moffat Collection System and a tunnel that delivers water to the South Platte Collection System received upgrades in 2009. In addition, a long-awaited project to install permanent power lines to the South Boulder Diversion Canal got under way.

Vasquez Canal. A multiyear project to upgrade the Vasquez Canal, which diverts water from Big Vasquez Creek in the Winter Park area of Grand County to the Moffat Tunnel, continued in 2009. When this canal was built in the mid-1930s, it was lined with concrete. Twenty years later, in the mid-1950s, concrete barrel covers were installed over the canal to allow year-round operation. But both the concrete channel and the covers are deteriorating and are being replaced with reinforced concrete pipe. In 2008, Denver Water personnel installed the first 1,000 feet of 114-inch-diameter pipe in the canal. Another 1,500 feet was installed in 2009, and in November an additional 1,500 feet was ordered for

installation in 2010. Expenditures for this project in 2009 were approximately \$750,000. Eventually, reinforced concrete pipe or box sections will be installed along all 23,000 linear feet of the canal.

Roberts Tunnel. Four new cone valves have been purchased to replace obsolete models installed in the Roberts Tunnel in the 1960s and 1970s. A 36-inch cone valve and a 36-inch fixed-cone valve were ordered in February 2009 at a cost of \$395,000. Two more fixed-cone valves were ordered in November at a cost of \$119,000. Installation is scheduled for the winter of 2010–2011.

South Boulder Diversion Canal. Permanent electrical power lines are needed to operate the South Boulder Diversion Canal in Jefferson County. After spending several years obtaining the necessary easements from numerous private parties, we entered into an agreement in December 2009 authorizing Xcel Energy to provide and install these power lines. Denver Water will reimburse Xcel for the installation costs.

Pump Station Projects

Six pump stations benefited from capital projects in 2009.

Lone Tree, Highlands and Lakeridge Pump Stations. Contracts for the design of standby generator projects at the Lone Tree, Highlands and Lakeridge pump stations were authorized in September 2009. The standby generators will be used to power the pump stations during electrical outages or to shave peak-hour energy consumption. Design of the Lone Tree and Highlands projects is expected to be complete by late spring 2010 and will cost approximately \$188,000. The finished design for the Lakeridge project, expected by early summer 2010, will cost roughly \$176,000.

56th Avenue Pump Station. Modifications to an existing surge tank constituted the chief component of an improvement project at the 56th Avenue Pump Station. Work began Oct. 1, 2009, to coincide with a scheduled outage of Conduit 94 (see Replacement of Part of Conduit 94 under the subhead –Potable Water Distribution System Renewal”). Project completion, however, was delayed until April 2010 because coating damage and corrosion were discovered when the tank was excavated, and recoating and relining the entire tank were deemed necessary. The cost of the entire project will be about \$775,000.

Elizabeth Street Pump Station. A contract for the design of capital improvements at the Elizabeth Street Pump Station was signed in October 2009. The facility will be retrofitted with an updated HVAC system as well as new pumping apparatus and piping for delivering potable water. In addition, dedicated pumps will be installed to deliver recycled water to major irrigators nearby, including Cheesman Park and Congress Park. Project design is expected to be complete by fall 2010 and will cost less than \$200,000.

Hazeltine Pump Station. A pump station to be constructed at the Hazeltine Gravel Pit will allow raw water to be transferred from this storage facility to the nearby Dunes and Tanabe gravel pits and to the South Platte River. A 30 percent design package, authorized in October 2009 for a price of \$271,000, will cover structural, architectural, geotechnical and drafting services needed for the project.

Potable Water Distribution System Renewal

Denver Water's potable water distribution network encompasses 2,800 miles of pipeline, plus numerous pump stations, valves, vaults and other appurtenances. To ensure that customers can rely on an uninterrupted supply of treated water, we routinely recondition or replace older water mains and valves. The pipe rehabilitation process involves cleaning the inside of the pipes and lining them with cement mortar to prevent corrosion.

2009 Pipe Rehabilitation Program. This year's pipe relining program was one of several projects for which economic conditions resulted in lower unit prices. In 2009, we cleaned and lined 20,260 linear feet of distribution main at a cost of \$1.37 million, substantially less than the estimated cost of \$2.1 million. In addition to offering an excellent price, the contractor stimulated the local economy by hiring local workers to handle half of the project. Pipe diameters ranged from 6 to 12 inches. The project, which included fire hydrant and valve replacements, was completed in November.

Replacement of Part of Conduit 94. In February 2008, a rupture in Conduit 94 spilled more than 2 million gallons of water and created a sinkhole in the northbound lanes of Interstate 25 near 58th Avenue. The break occurred after an electrical problem triggered an automatic shutdown of the 56th Avenue Pump Station, causing the conduit to become over-pressurized. Denver Water crews replaced the damaged section of pipe within three days. In October 2009, we began installing approximately 2,300 linear feet of 72-inch steel pipe to replace a 66-inch pre-stressed concrete section of Conduit 94 located along 56th Avenue between Interstate 25 and Washington Street. The project, which will cost \$1.5 million, should be finished in January 2010.

Relocation of Conduits 12 and 18. The metropolitan area's six-county Regional Transportation District is rechanneling a section of the South Platte River between 8th Avenue and Colfax Avenue in Denver to accommodate the west corridor of a light rail project scheduled for completion by 2012. As part of this project, Conduits 12 and 18, which cross under the South Platte near 11th Avenue, must be lowered. Conduit 12 will be relocated in spring 2010, and Conduit 18 will be moved in fall 2010. Denver Water will oversee the relocation of these 48- and 54-inch-diameter steel conduits, and the City and County of Denver will reimburse us for the \$1.6 million cost.

Replacement of Joint Crosses in Conduit 37. As part of the 2009 Pipe Rehabilitation Program, four lead joint crosses in Conduit 37 along 10th Avenue were to be replaced. However, the type of work required to replace the crosses was outside the contractor's expertise, so a contract amendment added this task to the scope of work for moving Conduits 12 and 18. Work to replace the crosses was completed in December 2009 at a cost of approximately \$139,000.

Meter Replacement. Denver Water spent more than \$3.6 million in 2009 on water meter registers and encoder-receiver-transmitter units (ERTs), devices that allow remote meter reading. The equipment was used for new installations and to replace registers and ERTs that are no longer working as a result of failure, weakening batteries, physical damage or loss from theft or vandalism. Although our automatic meter reading equipment was state-of-the-art when we purchased it nearly 10 years ago, the technology has changed significantly since then and is now less susceptible to damage and contains longer-lasting batteries (currently expected to last up to 20 years, almost twice as long as those in the original devices).

Vault Rehabilitation. Water utility vaults—underground chambers typically located underneath streets—contain valves, meters, and other equipment used to control the flow of water. In December 2009, Denver Water embarked on a new \$1 million phase of a long-term vault rehabilitation program initiated in 2007. During the current phase, three vaults will be rehabilitated. Work will include installing new underground piping, valves and HVAC systems and performing associated site work such as paving sidewalks and curbs.

Other Capital Expenditures

Even before our accelerated conservation efforts and the conversion to monthly billing required us to add several new staff members in 2009, our administration building was overcrowded. Although the long-term solution to this space problem will likely involve additional construction at our administrative campus, the short-term solution was to purchase a nearby building at 555 Quivas Street for use as temporary office space.

Quivas Office Building Renovation. Denver Water bought the property at 555 Quivas Street in September 2008 and began planning its renovation shortly thereafter. In July 2009, we hired a contractor to remodel the building, remove interior walls to create cubical-style office space, and replace the electrical and HVAC systems. The remodeled building will house about 80 employees from the Glendale location used for CIS development, the administration building, and the adjacent trailer. The property will also store vehicles used in our automated meter reading program. The cost of the renovation, including construction and administrative services, totaled \$1.2 million. The building's occupants will begin moving in as soon as the work is finished in January 2010.

West Side Campus Architectural Study. The architectural firm hired in 2008 to design the renovation and possible expansion of Denver Water's administrative building spent the latter part of 2009 investigating a number of options for remodeling, expanding or replacing the facility. Since the building was constructed in 1978, our workforce has grown, and partitioned offices, insufficient conference rooms, and more personal computers and network servers have made several improvements imperative. The need to update or replace the building's electrical and HVAC systems is particularly critical. A \$110,000 contract for the additional work required for this comprehensive study was signed in August 2009. The firm has now developed several alternatives for expanding the building and will present its recommendations to the staff and Board in early 2010.

PROPERTY MANAGEMENT

Managing Denver Water's property is a complex task that involves protecting four major watersheds and taking care of land and other assets throughout our service area.

Watershed Protection

Our greatest challenge in the watersheds is preventing catastrophic wildfires near our water collection systems. In recent years, this ongoing threat has been exacerbated by the bark beetle infestation that is killing vast numbers of lodgepole pines in Grand and Summit counties. Because forest management programs are far less costly than post-fire recovery activities, we have been collaborating with the Watershed Protection Working Group—an alliance of water users and local, state and federal agencies—to determine which areas within critical watersheds should get priority for wildfire

prevention activities. A numeric analysis carried out in 2009 identified the zones of concern based on wildfire risk plus the risk of erosion and flows of sediment and debris.

Since 1990 we have contracted Colorado State Forest Service personnel to help us develop and maintain healthy forests in our watersheds. Forest service tasks in 2009 included administering wildfire suppression measures, preparing vegetation and fuel management plans for specific areas, and supporting our efforts to protect life, property, water supplies and infrastructure from wildfires by reducing fuel loading throughout our watersheds. The cost of these services was \$491,000.

Four-Mile Creek Fen Restoration

A tributary of the Upper South Platte River, Four-Mile Creek flows through the historic Four-Mile Ranch in Park County. The ranch property, now owned by Denver Water, once contained a large area of fen and associated wetlands (fens are groundwater-fed wetlands composed of peat). However, part of this ecosystem was drained years ago by construction of the Four-Mile Ditch. A current project to fill the ditch will rehydrate the dewatered fen and wetlands, restoring a 68-acre ecosystem and providing Denver Water with wetlands mitigation credit valued at up to \$8 million.

In August 2009, we hired a contractor to design and coordinate the restoration project for a fee of \$235,000. Through an agreement with the Colorado Department of Corrections, most of the on-site labor is being done by inmates from the Buena Vista Correctional Facility. They started filling the ditch in October 2009, and this phase of the project should be completed in the spring of 2010. The entire project, including a lengthy monitoring phase, will be finished in April 2015.

Property Sales and Acquisitions

Land Purchase at Howe-Haller Reservoir. In March 2009 Denver Water purchased 26 acres of land adjacent to the Howe-Haller Reservoir. The additional acreage, which cost \$400,000, will be used for operational purposes and will also serve as a buffer against development. The former owners, who operate a concrete batch plant on four acres of the newly purchased property, will lease back that four-acre plot for an eight-year term, at which time the batch plant will be disassembled and removed from the property.

Land Purchase at Lupton Lakes Gravel Pit. When Denver Water bought the Lupton Lakes Gravel Pit in 2006, approximately 20 acres of the property was excluded from the purchase because of environmental contamination. However, the purchase contract included a provision stating that Denver Water would purchase the excluded area if the sellers could demonstrate within a three-year period that the property satisfied remediation requirements. By July 2009, we were satisfied with the remediation efforts on all but a 2.98-acre parcel. An amendment to the purchase contract permanently excluded the 2.98-acre parcel from the purchase requirement, and we bought the rest of the excluded property for slightly less than \$1.2 million. The additional land will be incorporated into the reservoir construction program.

Sale of High Line Canal Property. Approximately 21 acres of land located along a segment of the High Line Canal between 56th and 64th avenues has not been used for water delivery for decades and was to be acquired by Painted Prairie, a development company, through a series of four closings over a 48-month period. Three of those closings have occurred, but the developer requested a time extension

for closing on the remaining eight-acre parcel, priced at \$607,000. In October 2009 the closing date for sale of the fourth parcel was extended to Oct. 31, 2013, for which the developer paid a \$5,000 fee.

INFORMATION TECHNOLOGY ADVANCES

Denver Water is committed to developing and implementing leading information technology (IT) solutions to enhance our customer service capabilities, improve our information management systems, and streamline operations.

Customer Information System

The first phase of a multifaceted, multimillion-dollar project to modernize our Customer Information System (CIS) culminated in the new system's rollout over the 2009 Fourth of July weekend. The new system streamlines our operating procedures and enables us to serve customers better by giving them more frequent water use information through monthly bills. In addition, the new CIS boosts our ability to track customer account information, analyze water savings, and administer rate designs that support our demand-management and revenue goals. The cost of the first phase of the project was \$25 million, including hardware and software purchases, the salaries of employees involved in the project, and compensation for the expertise contributed by numerous consulting firms and contract workers.

Enterprise Asset Management System

Enhancements to our Enterprise Asset Management System in 2009 augmented the quality and completeness of our hydrant data and improved the efficiency of our hydrant inspection and maintenance programs. We also incorporated the annual hydrant flushing program into our Mobile Workforce Automation System and automated management of the Transmission and Distribution staff's field work.

Other IT Projects

Several other IT systems were developed or upgraded in 2009. A new system to support the safety and security section of the Human Resources Division will help staff track, analyze and ultimately reduce safety-related incidents. Improvements to the IT systems for financial planning, budgeting and contract administration increased the information management and functional capabilities of these systems. We made significant progress on the configuration and integration work required for our Enterprise Time Management System, which we plan to put into operation in June 2010. We created an online e-Recruiting system designed to recruit internal and external job applicants. And we improved numerous IT infrastructure components, speeding up information transfer rates and response times among our treatment plants and other remote facilities.

The Web site redesign initiated by the Public Affairs Division made its debut on July 2, 2009. A facelift to make the site more visually attractive also makes it easier to navigate, and the project included development of new information architecture and a new content management system for the site. The cost of revamping the site was just under \$340,000.

LEGAL ISSUES

Denver Water is obliged to comply with state and federal laws and regulations related to water resources, water rights and water quality. We also engage in legal reviews and negotiations involving issues ranging from property to contracts to employment practices.

State Legislation

Seven pieces of legislation passed during the 2009 session of the Colorado General Assembly directly affect Denver Water's policies or operations.

Senate Bills. Senate Bill 1 requires the state forester to create wildfire prevention plans in collaboration with the U.S. Forest Service and local governments. Senate Bill 20 requires county commissioners to develop and coordinate a chain of command for combating wild land and urban fires. Senate Bill 147 allows the Colorado Division of Water Resources to approve substitute supply plans for wells, primarily along the South Platte River, that were shut down by out-of-priority depletions prior to 2003.

House Bills. House Bill 1017 provides funds to the Colorado Water Conservation Board and allows the money to stay in the conservation grant fund rather than being returned to Colorado's general fund. House Bill 1174 gives relief to owners of depleted South Platte wells by stating that they will not have to make up depletions that occurred before March 15, 1974. House Bill 1289 continues the state's support of the Upper Colorado River Endangered Fish Recovery Program with a grant of \$500,000. House Bill 1303 addresses the need for well permits for water produced by mining and oil and gas extraction but does not determine who owns the produced water.

Federal Legislation

In January, the U.S. Congress passed the American Recovery and Reinvestment Act of 2009. Among the provisions of this legislation was the creation of a new financing tool for state and local governments known as Build America Bonds. Denver Water was the first agency in Colorado to issue these bonds. Thanks to a 35 percent federal subsidy on interest costs attached to these bonds, Denver Water was able to save more than 2 percent on the interest it owes on the Build America Bonds it issued in 2009.

Resolution of Litigation

Court Judgment Ends Legal Case. A multiyear series of court proceedings involving Denver Water and Denny Construction Inc. ended in January 2009, when the Colorado Supreme Court reversed the Court of Appeals and affirmed the 2005 verdict of the trial court jury. Denver Water and Denny brought breach of contract claims against each other after Denver Water declared Denny in default of a construction contract in 2004. The legal issue in the case was whether a contractor can recover damages for future profits allegedly lost because of lack of bonding capacity resulting from being declared in default. The 2009 Supreme Court decision held that such damages are available and obligated Denver Water to pay the original judgment plus interest, for a total of \$1.4 million.

Changes to Denver Water's Operating Rules

Several changes or temporary exceptions to Denver Water's operating rules became effective in 2009. Affected rules include those related to the prohibition of spray irrigation during specified hours,

customer billing procedures, delinquent payments, replacement of service lines between a main and a customer's property line, conversion of stub-ins to taps, and credits for System Development Charges.

Lawn Watering. For several years, Denver Water's operating rules have prohibited lawn watering by spray irrigation between the hours of 10 a.m. and 6 p.m. during the four-month period May 1 to September 1. However, because September is traditionally part of the irrigation season in Denver, the Board in April 2009 extended the period during which this prohibition applies. The prohibition now lasts until October 1.

Customer Billing. An amendment to the operating rule governing procedures for billing customers was necessary for the conversion to monthly billing. The Board authorized this amendment in June 2009.

Delinquent Payments. A November 2009 change to the operating rule covering delinquent payments specifies that delinquency fees will be assessed on the entire past due amount, including both water and sewer charges, rather than on just the consumption and service charge for water.

Replacement of Lead Service Lines. Some residential service lines that were installed in Denver Water's service area prior to 1957 are made of lead. These service lines can be located between the water main and the meter pit, and between the meter pit and the house. Cutting a lead service line significantly increases the chance that lead will leach into and contaminate the water in the house. A September 2009 change to the operating rule governing lead service lines formalizes our long-held but unwritten policy that any lead service line that needs to be cut must be replaced entirely with copper before being put back into service. The rule change allows Denver Water to enforce this policy for work performed by other agencies.

Converting Stub-ins to Taps. A stub-in consists of the pipe and fittings used to connect a new customer's property line with a water main before the stub-in is converted to a tap. According to Denver Water's operating rules, failure to activate a stub-in within two years can result in loss of the \$1,500 permit fee. Since early 2004, fewer buildings have been constructed, fewer stub-ins have been converted to standard water supply licenses, and our two-year activation policy has caused a hardship for some customers. In response, the Board agreed in February 2009 to allow additional time for the activation of stub-ins purchased between January 2004 and December 2008. As a result of this decision, approximately 2,000 stub-ins can now be activated by Dec. 31, 2011, at no additional charge.

Transfer of SDC Credits. To help the city of Glendale and the City and County of Denver finalize a minor boundary adjustment, Denver Water has authorized a one-time exception to its operating rule governing credits for system development charges (SDCs). When the boundary was changed, some property located in Denver was incorporated into Glendale. The property contains three apartment buildings, a commercial building, a house, and a seminary, all served by Denver Water. Glendale plans to demolish these buildings and convert the property to parkland and open space. A portion of the parkland will be irrigated by Glendale's nonpotable wells. Three existing 2-inch taps will be abandoned, and one will be used for amenities such as restrooms and drinking fountains.

Glendale asked to retain the SDC credits that normally would accompany demolition of the buildings served by the three abandoned taps. The value of these credits is approximately \$157,000. Although

Denver Water's operating rules specify that SDC credits must be used on the same property, we were willing to allow Glendale to use these credits at other locations within its contract service area, and the Board authorized the exception to this rule.

OPERATIONAL EFFICIENCIES

Our attention to streamlining operations paid numerous dividends in 2009. We hired contract workers or temporary employees to assist staff with specialized skills or short-term workload spikes, enabling us to minimize new permanent staff positions. We purchased equipment that allows us to accomplish several tasks more efficiently with fewer staff, and we negotiated reduced prices for specific equipment and services.

Augmenting Staff With Contract Workers

IT Experts. Approximately two dozen software developers, infrastructure technicians, business analysts and project managers provided specialized expertise to help our in-house staff develop and implement a number of IT projects, including the CIS project, our Enterprise Asset Management System and our Enterprise Time Management System. The cost of these contract workers totaled approximately \$5.1 million in 2009.

On-Call Engineering Services. To avoid issuing individual Requests for Proposals for small, tightly scheduled engineering projects, we maintain contracts with a variety of firms that can handle these assignments on an on-call basis. We use the on-call list only when anticipated costs do not exceed \$100,000. In September 2009, we added 15 firms to the list, bringing the total to 52 companies representing 14 engineering disciplines. From July 2007, when this program was initiated, through September 2009, we executed 124 on-call engineering contracts for fees totaling \$4.9 million.

AutoCAD Drafters. AutoCAD is a computer-aided design software application for two- and three-dimensional design and drafting. In January 2009, we hired four contract AutoCAD drafters to convert more than 4,000 AutoCAD real estate drawings to AutoCAD polygons, permitting us to link our Real Estate Management System, Geographic Information System database, and Records and Documents files. The cost of these drafting services was just under \$249,000.

Temporary Engineering Employees. To help our Engineering Division staff handle a short-term workload increase, we hired several temporary engineering employees. In August 2009 we hired a former Denver Water employee to provide electrical inspection and contract overview services for projects at the Roberts Tunnel and at Williams Fork and Cheesman reservoirs. The cost of this 16-month contract will not exceed \$150,000. Also in August we hired a consultant to provide general electrical engineering services for one year at a cost not to exceed \$208,000. In December we hired a contract civil engineer for a six-month period at a cost of \$120,000 and extended the contract of a temporary corrosion worker for another year for an additional cost of \$76,000.

On-Site Medical Services. Denver Water's on-site clinic provides medical care for employees with occupational injuries and illnesses. An occupational nurse supervises the clinic, and a contract physician is available on site two days a week. We believe this service has resulted in lower workers' compensation costs and fewer lost work days. In December 2009 the doctor who has provided care at

YEAR IN REVIEW – 2009 (Continued)

the clinic since November 2000 was rehired for another three years at a reduced hourly rate. The new contract, which lasts through the end of 2012, will not exceed \$465,000.

Boosting Efficiency With New Equipment

Survey Equipment. New high-tech survey instrumentation, purchased for \$104,000 in February 2009, has enabled us to increase the work performed by our survey crews without adding staff. The new equipment allows two people to do the work formerly done by three.

Global Positioning Instruments. Twelve hand-held Global Positioning System units, purchased in March 2009, amplified our Global Positioning System's ability to collect data on the precise location of Denver Water's underground facilities. The combined cost of the 12 devices was approximately \$114,000.

Telephone and Screen Recording System. In October 2009, we replaced our existing call recording system with a more modern telephone and screen recording system that allows us to record calls to our Customer Call Center, emergency dispatch service and Load Control Operations Center. Recording these calls helps resolve disputes with customers and facilitates training by allowing actual calls to be used as examples of excellent or poor response on our part.

SCADA System Upgrades. Denver Water's Supervisory Control and Data Acquisition (SCADA) System transmits operational information from remote facilities, enabling us to operate vaults and pump stations from a central location. A 2007 contract for upgrading and maintaining the hardware and software comprising this system was extended through December 2009 at an additional cost of \$84,000.

Obtaining Optimal Prices for Equipment and Services

Fleet Optimization Study. A study carried out in 2009 showed that Denver Water's fleet vehicles are currently maintained for approximately 11 years. Surplus and older vehicles deemed no longer useful are normally disposed of at a public auction. Twenty used vehicles were traded in or auctioned off in 2009.

New Vehicle Purchases. In March 2009, we purchased 30 new vehicles under the State of Colorado Master Vehicle Contract. This \$816,000 purchase included a variety of vehicles, all needed to replace models that had reached the end of useful life. In addition, we acquired nine pickup trucks for use by the additional customer service field staff needed once monthly billing commenced. Six new field employees came on board in February, and three more were hired in May. Although we typically purchase pickups under the state contract, we did not do that in this case because of previous service problems with trucks comparable to those available through the 2009 state contract. The price of the nine pickups, obtained from two local dealerships, totaled \$207,000.

Heavy Equipment Purchases. Because of the construction industry slump during 2009, we had the opportunity to buy some gently used heavy equipment at low prices with one- to two-year warranties. In May, we purchased an excavator, a motor grader and a loader for the combined price of \$470,000 and traded in four pieces of used equipment for a combined trade-in allowance of \$113,900. This put our net cost at just over \$356,000, a savings of roughly \$234,000 compared with the \$590,000 budgeted for comparable new equipment.

Heavy Equipment Rental. In October 2009, we signed contracts with three companies that submitted bids for the rental of heavy equipment. Because no single company was the low bidder on every prescribed piece of equipment, we will choose specific pieces from the three companies on the basis of location and type of equipment needed. This arrangement prevents us from having to call on the same vendor every time we need to rent heavy equipment and ensures that we'll be charged a fair price. The three contracts authorize up to \$600,000 for heavy equipment rental over the next two years.

Acquisition of Office Furniture. In November 2009, we bought some good quality, used office furniture for installation in the cubicles at the Quivas Street office building. The furniture, which is similar to some pieces in the administration building, was available for \$213,000, about 25 percent of the original cost.

Consolidation of Outsourced Printing Services. Each year our Public Affairs Division publishes dozens of four-color brochures, newsletters and magazines that must be printed by professional printing companies. Traditionally, we have solicited individual bids for each print job, but in January 2009 we consolidated these printing services into a single contract in order to streamline the process and secure more competitive prices. The contract covers a three-year period at a cost not to exceed \$625,000. Less complex printing tasks, such as those for internal materials, are handled by our in-house print shop because previous investigations have shown that this arrangement is less expensive than outsourcing all our printing services.

Obtaining Reduced Prices for Routine Services. Rebidding several contracts for routine services in 2009 resulted in reduced prices. A new two-year contract for street sweeping and flushing was awarded in April; its \$150,000 price tag is 35 percent less than the previous contract. Also in April, we signed annual contracts for rental and cleaning of shop materials such as floor mats, towels, mops and uniforms. The total cost of these two contracts was \$155,000, a 29 percent reduction from last year's price.

FINANCIAL DILIGENCE

Balancing Denver Water's revenue and expenditures can be challenging, particularly in the face of uncertain economic conditions and changing weather patterns. A public agency that receives no money from taxes, Denver Water is funded exclusively by water rates, new tap fees and the sale of hydropower. These revenue sources must cover day-to-day operations and maintenance (O&M) expenses as well as the capital expenditures required to ensure the water system keeps up with customer demand.

Water Rates

Denver Water's charter directs us to set water rates –as low as good service will permit.” We also recognize that water is a scarce natural resource, and therefore we must discourage customers from wasting it while keeping it affordable. As a result, our water rates are designed to encourage efficient use as well as to recover the full cost of providing service.

2009 Water Rates. Denver Water's rate structure has two components: a flat service charge unrelated to the amount of water used and a consumption charge for every thousand gallons consumed. When

monthly billing began in July 2009, the service charge for all customers became \$4.41 per month. Consumption rates, on the other hand, rise incrementally for defined blocks of increased water use and differ for customers inside and outside the city of Denver. For residential customers in Denver, rates across the four blocks ranged from \$1.91 to \$7.64 per thousand gallons in 2009. In the suburban communities served by Denver Water, rates were somewhat higher.

2010 Water Rates. In October 2009, the Board adopted water rates for 2010. When the new rates become effective Feb. 3, 2010, the service charge for all customers will be \$5.58. Consumption rates for residential customers in Denver will range from \$2.11 to \$8.44, and depending on the service area, consumption rates for suburban customers will range from \$2.20 to \$10.36. In 2010 Denver residents will pay about \$40 more than in 2009, and suburban households will pay about \$51 more. Percentage increases are slightly higher inside the city than outside. The rate adjustments are necessary to bridge a \$13 million gap between projected 2010 revenues and expenditures.

Rates for the City and County of Denver. In response to the city's request for six months' notice prior to any change in its water rates, the Board in December 2009 adopted a temporary procedure for notifying the city about future rate increases 12 months in advance. As a result, the city will continue to pay its 2009 rates in 2010. The percentage increase in 2011 will be 4.09 percent.

System Development Charges

New tap fees, or SDCs, make up another source of Denver Water's funding, although the slump in new construction in recent years has reduced this revenue stream.

2009 SDCs. Although the Board typically adjusts SDC levels every year, the SDCs adopted in February 2009 reflect the first comprehensive update since 1999. Past updates simply adjusted the value of Denver Water's capacity, whereas the 2009 update also revised the estimate of how much capacity a new customer needs. The analysis for the 2009 update indicated that the amount of capacity needed by a new customer is less than in the past but the cost of a unit of water capacity is more than in the past. In addition to reflecting updated system capacity and customer demand, the 2009 SDCs incorporated a water rights valuation of \$8,500 per acre-foot. The new charges became effective April 13, 2009.

2010 SDCs. In December 2009, the Board approved a 14.3 percent increase in SDCs for 2010. The increase, based on a water rights valuation of \$9,000 per acre-foot, signals the Board's desire to begin recovering the full cost of Denver Water's assets as quickly as possible.

SDC Credits for the Lowry Redevelopment Authority. Because of the economic slowdown, the authority in charge of redeveloping the Lowry neighborhood in northeast Denver has not used all of its potable water tap credits and needs fewer recycled water taps for its golf course than originally estimated. In October 2009, Denver Water converted both types of tap credits into a monetary value so they can be used elsewhere in the redevelopment area.

Carrier Facility Rates

Rates for operating the High Line Canal and the carrier facility from Antero Reservoir remained unchanged in 2009. In April, the Board raised the rate for the Harriman Lake carrier facility by 11 percent and lowered the rate for its portion of Denver's City Ditch by 31 percent. The decrease in the

City Ditch rate will be spread over two years. The rate was reduced because Denver Water no longer shares operating expenses for the portion of the ditch in Englewood; we now operate only the segment beginning at the South High School dechlorination facility and extending north to City Park.

Sale of Build America Bonds

As mentioned in the introduction to this report, Denver Water in May 2009 issued \$44 million of Build America Bonds at an interest rate of just over 6 percent. These taxable bonds, created by the American Recovery and Reinvestment Act of 2009, carry a 35 percent federal tax subsidy on interest costs. With the subsidy, Denver Water will actually pay only 3.94 percent in interest, a lower rate than the 4.23 percent average rate it pays on its currently outstanding tax-exempt bonds.

Reimbursement Agreement With South Adams County

A Financial Reconciliation Agreement ratified in April 2009 designates a payment plan to reconcile the expenditures of Denver Water and the South Adams County Water and Sanitation District at the gravel pits being converted to storage reservoirs. The agreement covers finances involving property acquisition and other expenses incurred from 1997 through 2008. After payments and credits were deducted, South Adams County owed Denver Water approximately \$9.7 million, plus interest, which the district will pay in semi-annual installments of \$1.1 million during the five-year period 2010–2014. The agreement also obligates Denver Water to deliver 3,000 acre-feet of potable water to the district, with delivery of another 1,000 acre-feet to be firmed up as payments are made.

Internal Audit Charter

In August 2009, the Board approved a resolution formally mandating Denver Water’s long-standing internal audit function. Adoption of an official Internal Audit Charter was recommended by Denver Water’s new manager of internal audit and by two professional organizations—the Institute of Internal Auditors and the Internal Standards for the Professional Practice of Internal Auditing. This charter does not affect the external audit process.

Ten-Year Financial Plan

In September 2009, Finance Division staff presented the Board with a 10-year Financial Plan outlining anticipated sources and uses of funds during 2010–2019. Designed to provide direction for rate and budget matters rather than for official adoption by the Board, the plan states that Denver Water needs the right mix of water rates, SDCs and bond sales to cover \$1.9 billion in operations and maintenance expenditures, \$1.3 billion for capital improvement projects, and debt service payments of \$50 to \$60 million per year over the next 10 years. Large capital projects will be constructed over a period of several years and sequenced to avoid larger capital outlays in a single year. The plan also recommends systematic rate increases that would double the cost of water to consumers over the next 10 years, compared with an 80 percent increase over the past 10 years.

Adoption of the 2010 Budget

Denver Water’s budget for 2010, adopted by the Board in December 2009, assumes that water demand will continue at the “new normal” level achieved by our customers’ disciplined conservation efforts and that revenue from water sales and SDCs will be lower than in previous years.

The 2010 budget for water sales is \$223.3 million, 5 percent more than the \$212 million budgeted in 2009. Based on the continued slump in the housing market, the budget for SDCs is \$8 million, only 37

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percent of the amount that could be expected in a normal year. Hydropower revenue was adjusted to reflect the fact that the Williams Fork hydropower plant will be out of service for construction during part of 2010.

Payroll expenditures—including regular wages, paid leaves of absence, and overtime and disability payments—are projected at \$75.5 million, up from \$70.4 million in 2009. The increase reflects the addition of 33 new staff positions, most of which were necessitated by the conversion to monthly billing. In recognition of the current economic situation and in an effort to keep costs as low as possible, staff recommended, and the Board approved, no market adjustment to employee wages in 2010.

Operations and maintenance expenditures for 2010 are budgeted at \$194.3 million, 18.8 percent more than the amount budgeted in 2009. The principal reason for the increase is the beginning of a multiyear project to regain lost capacity in Strontia Springs Reservoir by dredging sediment from the bottom of the reservoir and pumping it downstream to Denver Water’s Kassler facility, a no-longer-operational, nineteenth-century sand filtration plant. The sediment was deposited in the reservoir by erosion resulting from the destruction of surrounding vegetation by the Buffalo Creek and Hayman fires.

The 2010 budget for conservation programs reflects the Board’s continuing commitment to accelerate water savings throughout Denver Water’s combined service area. The total conservation budget for 2010 is \$11.4 million, an increase of 18.5 percent compared with the amount budgeted for these programs in 2009.

To support implementation of Denver Water’s 10-year Capital Improvement Plan, the Board approved a \$94.1 million capital plan for 2010. Of the 183 projects covered in the 2010 plan, dam upgrades at two reservoirs—Cheesman and Williams Fork—account for \$24.6 million, or 26 percent, of the 2010 capital budget. Debt service payments and related costs are budgeted at \$50.5 million.

EMPLOYMENT AND PERSONNEL MATTERS

Employee Statistics

Although Denver Water’s customer accounts with active billed consumption increased by 10.4 percent over the past 10 years, the number of permanent staff positions rose by only 9.2 percent during that period, climbing from 1,003 in 1999 to 1,095 in 2009. At the end of 2009, 48 staff positions were vacant, representing 4.4 percent of the total workforce authorized.

2010 Wages and Benefits

Although no market adjustments were made to employee wages for 2010, merit increases for employees who received satisfactory performance evaluations went forward as usual. The 2010 employee benefits package was approved in October 2009. Although only small or no changes were made to dental and vision coverage or to group life insurance, employees will face significant increases in deductibles, co-insurance, co-payments and out-of-pocket expenses in both the high- and low-premium health care insurance plans. In addition, an Open Access Plus Network will replace the Preferred Provider Option.

Retirement Programs

After a year-long evaluation of Denver Water's retirement programs, the Retirement Program Committee in conjunction with outside experts concluded that these benefits are comparable to those of our peers and fall within the recommended range of expectations. In response to recommendations from the staff Retirement Program Committee, the Board authorized four changes in June 2009. New provisions mandate the cash-out of accrued vacation and sick leave upon retirement, discontinue cost-of-living adjustments for employees receiving long-term disability payments, eliminate the pension plan purchase option, and create a pre-retirement counseling program.

Personnel Policy Changes

Several modifications to Denver Water's personnel policies took effect in 2009. These changes streamline the process for employee promotions; clarify the rules covering provisional and probationary employees; bring Denver Water's policies for family and medical leave into conformance with federal regulations; maintain consistency with Colorado rules related to temporary and revoked driver's licenses; require terminated employees to return Denver Water property; permit Denver Water to issue subpoenas in connection with personnel appeals before a hearing officer; specify that temporary employees are not eligible for any benefits other than paid holidays; and revise the calculation of overtime pay to exclude deferred holidays, injury pay, bereavement leave, jury duty pay, and safety hours (holiday leave, authorized sick leave, military leave, and paid travel time will continue to be included in the calculation).

COLLABORATION WITH OTHER ORGANIZATIONS

Water suppliers across Colorado confront the same fundamental task—stretching the state's limited, fluctuating water supplies to meet the diverse needs of a growing population. In 2009 Denver Water continued to cooperate with other providers in the metro area and throughout the state in seeking mutually beneficial solutions to water quality and water supply challenges.

Intergovernmental Agreements

Denver Wastewater Management Division. Denver Water has been providing billing services for the City and County of Denver's Wastewater Management Division since 1966. Because our recently implemented CIS project provides substantial benefits to the Wastewater Division, it has agreed to pay Denver Water approximately \$6 million over five years for its share of CIS project costs, plus a monthly fee for ongoing billing services. According to the terms of an intergovernmental agreement effective December 2009, the billing service fee will be less than the actual cost of services until the five-year payment period for CIS costs ends, at which point the fee will be readjusted to reflect actual costs plus previously deferred costs.

Aurora and the South Metro Water Supply Authority. A new intergovernmental agreement with Denver Water, the city of Aurora and the South Metro Water Supply Authority represents a significant step toward cooperation among Denver-area water utilities. Ratified in July 2009, the agreement allows for the joint acquisition of water rights and infrastructure that could be used to develop a regional water supply project. The agreement creates an orderly, coordinated structure that prevents a participating agency from individually pursuing water rights or infrastructure projects within the

designated region without first extending the opportunity to the other parties. The goal is to preclude duplicative facilities, avoid a “gold rush” mentality toward acquiring water rights, and minimize the impact of changing South Platte River basin supplies to municipal use on downstream agricultural communities. The South Metro Water Supply Authority is an alliance of 12 municipal water purveyors in Douglas County.

In a related matter, an August 2009 amendment to a 2008 Memorandum of Understanding among these same three entities authorized additional funds for a study of the potential use of Aurora’s Prairie Waters Project, a portion of Denver Water’s reusable supplies, and some of South Metro’s water and infrastructure as a single project. Denver Water’s share of the extra funds was capped at \$170,000 in 2009 and will not exceed \$150,000 in 2010.

Town of Frisco. A long-term agreement with Frisco, Colo., specifies how the town will use 100 acre-feet of water made available to it from Dillon Reservoir through a 1985 agreement between Denver Water and Summit County. Before the new agreement was signed in November 2009, Denver Water and Frisco had entered into year-to-year-agreements providing for temporary operations.

Colorado Division of Wildlife. A January 2009 intergovernmental agreement with the Colorado Division of Wildlife provides for cooperative inspection of boats to prevent the invasion of Zebra mussels into Antero Reservoir. Denver Water will pay the Division of Wildlife \$50,000 a year for five years for its help in meeting this objective. We have not found this invasive species anywhere in our system to date and hope inspection programs such as this will preclude their incursion.

U.S. Department of Interior. Denver Water continues to cooperate with the U.S. Bureau of Reclamation, the U.S. Fish and Wildlife Service, and the states of Nebraska and Wyoming in supporting the South Platte Endangered Species Recovery Program, which addresses the habitat needs of endangered species in the Central and Lower Platte River Basin. Colorado is responsible for 40 percent of the three states’ share of program costs. Denver Water’s assessment in 2009 was \$556,000, approximately \$270,000 less than anticipated because of additional funds collected from other water users in the South Platte basin and because of continued support from the Colorado General Assembly in funding the state’s financial obligation to the program.

U.S. Geological Survey. Denver Water’s cooperative stream gauging program with the U.S. Geological Survey is critical to the operation of our water system, but our share of the cost of operating the stream gauging stations has risen over the years as the U.S. Department of Interior’s contribution has declined. Since 2002, we have dropped 14 stations from the program and have sought reimbursement from other water providers that also benefit from these stations. The total cost of the program in 2010 will be \$396,000. According to an October 2009 intergovernmental agreement, Denver Water’s contribution will be approximately \$220,000.

Multiparty Cloud Seeding Agreement

In October 2009, Denver Water agreed to split the \$110,000 cost of a weather modification program involving manual operation of 10 silver iodide generators located upwind of the Winter Park Resort ski area. This area comprises a major portion of the watershed that feeds our Moffat Collection System. The generators were scheduled to operate from November 2009 through January 2010. In addition, the Colorado Water Conservation Board and the Lower Colorado River Basin states agreed

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to support two remotely controlled, high-altitude generators targeting the same watershed at a cost of \$62,000. These generators were also expected to benefit the Moffat system.

Utility Relocation Agreements with RTD

A June 2009 agreement between Denver Water and the Regional Transportation District (RTD) defines the design, construction and cost responsibilities associated with water system modifications necessitated by the FasTracks project at Denver Union Station. The Denver Union Station Project Authority will fund all expenditures for labor and materials and will reimburse Denver Water for inspection and field support activities. The project is scheduled for completion in 2014.

Another utility relocation agreement signed in September 2009 outlines similar provisions for RTD's Eagle Project, which includes the light rail's East Corridor connecting Union Station with Denver International Airport (to be constructed 2010–2015), the Gold Line connecting Union Station with Wheat Ridge (to be constructed 2011–2016), and a maintenance facility at 48th Avenue and Fox Street (to be constructed 2011–2015). This agreement designates a work order process, identifies areas where water facilities will need to be modified, and delineates funding responsibilities. More specific agreements for each of these projects will be authorized as they are developed.

Citizens Advisory Committee

For the past 30 years, Denver Water's Citizens Advisory Committee, a 10-member volunteer body, has advised the staff and Board on important issues and encouraged public participation in our policy-making process. Four new members joined the committee in 2009.

In February, Jim Ives, a board member of the Cutthroat Chapter of Trout Unlimited, was appointed to represent public interest groups on the committee, and Carol Pace, a 30-year resident of Denver, became the group's third representative of Denver residents. In November, Don Schlup, owner of Scien-Turfc Sod, joined the committee to represent Denver Water's suburban customers. In December, the Homebuilders Association of Metro Denver chose Jeff Willis as its representative. Willis is a past president of that association and a former board member of the Centennial Water and Sanitation District.

AWARDS AND OTHER ACCOMPLISHMENTS

Public Communications Achievement Award

At its June 2009 annual conference, the American Water Works Association, an international association of drinking water professionals, recognized Denver Water for 75 years of service to the water industry. The conference also served as the venue for formal presentation of the association's Public Communications Achievement Award, conferred on Denver Water in late 2008. Selected for the award for its Use Only What You Need advertising campaign, Denver Water was nominated by other water entities in this region that had benefited from our messages about the need to conserve.

President's Award

In October 2009, the Association of Metropolitan Water Agencies, an alliance of the largest publicly owned drinking water systems in the United States, presented its President's Award to Denver Water

General Manager Chips Barry in recognition of his leadership on drinking water issues at both local and national levels.

Financial and Budget Reporting Awards

Denver Water received two awards from the Government Finance Officers Association in 2009—the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award. The financial reporting award recognizes state and local governments that produce comprehensive annual financial reports demonstrating the spirit of transparency and full disclosure. The budget presentation award acknowledges state and local governments whose budget documents serve as a policy document, financial plan, operations guide and communications device. Denver Water earned the financial reporting award for the twenty-first consecutive year and the budget presentation award for the eighteenth consecutive year.

Visionary Award for Community Excellence

The Colorado Association of Black Professional Engineers and Scientists in March 2009 presented Denver Water with its Visionary Award for Community Excellence in recognition of our gift of a \$1,000 scholarship for a deserving student interested in majoring in engineering or science. Denver Water employees raised the funds as part of celebrating Black History Month in February.

Heroism Award

In December 2009, David Pier of the Rocky Mountain Section of the American Water Works Association presented the association's Heroism Award to Denver Water employee Matt Mulica for saving the life of a 17-year-old who hit his head on rocks in a tubing accident on Clear Creek in Jefferson County. Mulica saw the young man floating face-down in the stream, pulled him from the water, and administered CPR until medical personnel arrived. In presenting the award, Pier noted that the American Water Works Association had conferred only eight Heroism Awards since 2000 and that this was the first time a local person had received the award. Mulica's life-saving efforts were also recognized by the Golden Fire Department.

Employee Athletic Achievements

For the second year in a row, Denver Water's relay team won the Municipal Cup in the Colfax Marathon's relay competition. The Colfax Marathon is an annual foot race that traverses 26.2 miles of Colfax Avenue through Aurora, Denver, and Lakewood. Denver Water also entered a team in the boat races at Denver's 2009 Dragon Boat Festival. The festival, held annually in Sloan's Lake Park, celebrates Asian American/Pacific Islander culture. Denver Water's boat-racing team was called "k2row."

FINANCIAL SECTION

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Independent Accountants' Report on Financial Statements and Supplementary Information

To the Honorable Dennis J. Gallagher, Auditor
and the Board of Water Commissioners
City and County of Denver, Colorado

We have audited the accompanying basic financial statements of the Board of Water Commissioners, City and County of Denver, Colorado (the Board), a component unit of the City and County of Denver, Colorado, as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Water Commissioners, City and County of Denver, Colorado as of December 31, 2009 and 2008, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our 2009 audit was conducted for the purpose of forming an opinion on the 2009 basic financial statements. The accompanying introductory section, supplemental financial information, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial information as listed in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical section, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

March 24, 2010

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

The following is management's discussion and analysis ("MD&A") of the financial activities of the Board of Water Commissioners (the "Board") for the years ended December 31, 2009 and 2008. This information should be read in conjunction with the financial statements which follow.

FINANCIAL HIGHLIGHTS (See details in following sections)

The Board's financial position measured by the change in net assets improved \$44.8 million, or 3%, during 2009, despite a \$21.9 million loss before capital contributions. This loss was more than offset by a \$66.7 million increase in capital contributions. The 3% increase in net assets during 2009 is down from the 5% increase in 2008.

- ***Operating income*** was \$3.4 million in 2009 compared to \$44.9 million in 2008, a decrease of 92%.
- ***Loss before capital contributions*** was \$21.9 million in 2009 compared to income of \$31.9 million in 2008, a decrease of 169%.
- ***Capital contributions*** were \$66.7 million in 2009 compared to \$40.0 million in 2008, an increase of 67%.
- ***Net assets*** increased \$44.8 million, or 3%, in 2009 compared to \$71.9 million, or 5%, in 2008.
- ***Capital asset additions*** were \$103.1 million in 2009 compared to \$101.3 million in 2008, an increase of 1.8%.
- ***Build America Bonds*** were issued under the American Recovery and Reinvestment Act of 2009 in the amount of \$44.0 million dated June 2, 2009 for the acquisition of various capital improvements. The Board receives a direct federal subsidy in an amount equal to 35% of the interest payable on the bonds on each payment date.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Board's basic financial statements, which are comprised of four components: 1) statements of net assets, 2) statements of revenues, expenses, and changes in fund net assets, 3) statements of cash flows, and 4) notes to the

financial statements. The Board also provides certain supplementary information which is presented for additional analysis and is not a required part of the basic financial statements.

The **statements of net assets** present information on all of the Board's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The **statements of revenues, expenses, and changes in fund net assets** present information showing how the Board's net assets changed during the years presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is known as the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future (e.g., unbilled water revenue and earned but unused vacation leave) or that may have occurred in the past (e.g., amortization of debt premiums or discount and prepaid contributed capital). This statement measures the success of the Board's activities and can be used to determine whether the Board has successfully recovered all its economic costs through its water rates, capital contributions, and other charges.

The **statements of cash flows** report cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities for the years presented.

The **notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements, such as the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Supplementary information provides details of the Board's capital assets and bonded debt.

FINANCIAL ANALYSIS

NET ASSETS

As discussed above, net assets may serve over time as a useful indicator of the Board's financial position. The Board's net assets were \$1.551 billion at December 31, 2009, an increase of \$44.8 million, or 3%, from December 31, 2008. Net assets were \$1.507 billion at December 31, 2008, an increase of \$71.9 million or 5% from December 31, 2007 (see Figures 1 and 2 and Table 1).

Figure 1 - Net Assets

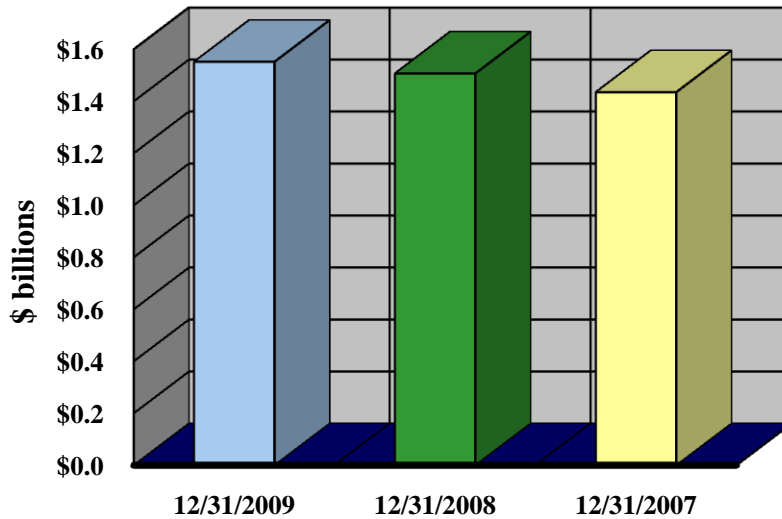


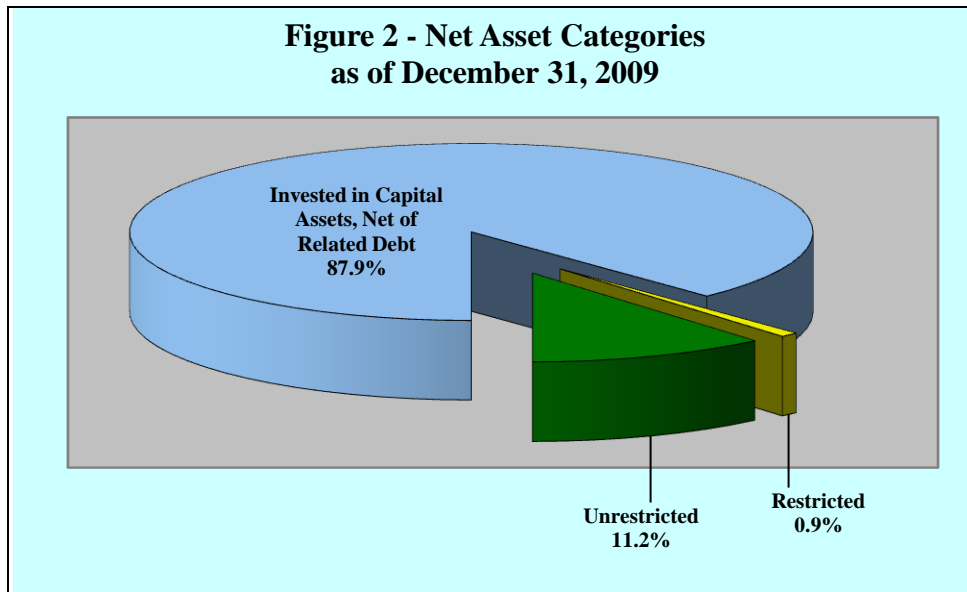
Table 1 - Condensed Statements of Net Assets
(amounts expressed in thousands)

	As of December 31,			2009 - 2008		2008 - 2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
	Current and other assets	\$ 251,694	\$ 268,527	\$ 292,321	\$ (16,833)	(6)%	\$ (23,794)
Capital assets, net	1,760,004	1,705,001	1,647,602	55,003	3%	57,399	3%
Total assets	2,011,698	1,973,528	1,939,923	38,170	2%	33,605	2%
Current liabilities	66,479	58,793	62,613	7,686	13%	(3,820)	(6)%
Noncurrent liabilities	393,859	408,219	442,657	(14,360)	(4)%	(34,438)	(8)%
Total liabilities	460,338	467,012	505,270	(6,674)	(1)%	(38,258)	(8)%
<u>Net assets:</u>							
Invested in capital assets, net of related debt	1,363,848	1,319,268	1,227,499	44,580	3%	91,769	7%
Restricted	13,233	9,005	7,661	4,228	47%	1,344	18%
Unrestricted	174,279	178,243	199,493	(3,964)	(2)%	(21,250)	(11)%
Total net assets	\$ 1,551,360	\$ 1,506,516	\$ 1,434,653	\$ 44,844	3%	\$ 71,863	5%

The largest portion of the Board's net assets reflects its investment in capital assets (i.e., utility plant); less any related debt used to acquire those assets. The Board uses these capital assets to provide water; consequently, these assets are not available for future spending. Although the Board's investment in its capital assets is reported net of related debt, the resources to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be liquidated to repay these liabilities.

A small portion of the Board’s net assets represents resources that are subject to external restrictions on how they may be used. The Board’s 2009 restricted net assets consist of a \$7.3 million debt service reserve fund for revenue bonds included in temporary cash investments, and a \$5.9 million reserve fund required for the Certificates of Participation capital lease (–COPs”) displayed in deferred charges. For 2008, restricted net assets consisted of the \$3.1 million debt service reserve fund and the \$5.9 million COPs reserve fund. For 2007, restricted net assets consisted of the \$1.7 million debt service reserve fund and the \$6.0 million COPs reserve fund.

The remaining balance of the Board’s net assets represents unrestricted net assets and may be used to meet the Board’s ongoing obligations to creditors.



The Board’s increase in net assets during 2009 of \$44.8 million or 3% indicates an improved financial position.

CHANGE IN NET ASSETS

While the statements of net assets display the Board’s assets, liabilities and net assets at year-end, the statements of revenues, expenses, and changes in fund net assets provide information on the source of the change in net assets during the year. Net assets increased \$44.8 million in 2009 consisting of a loss before capital contributions of \$21.9 million and capital contributions of \$66.7 million. Net assets increased \$71.9 million in 2008 consisting of income before capital contributions of \$31.9 million and capital contributions of \$40.0 million (see Table 2 and Figure 5). The 2009 increase in net assets was \$27.0 million, or 38%, lower than the 2008 increase.

	Years Ended December 31,			2009 - 2008		2008 - 2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
	Operating revenues	\$ 193,030	\$ 216,262	\$ 196,642	\$ (23,232)	(11)%	\$ 19,620
Nonoperating revenues	3,627	12,567	15,238	(8,940)	(71)%	(2,671)	(18)%
Total revenues	196,657	228,829	211,880	(32,172)	(14)%	16,949	8%
Operating expenses	189,623	171,344	157,891	18,279	11%	13,453	9%
Nonoperating expenses	28,941	25,613	27,921	3,328	13%	(2,308)	(8)%
Total expenses	218,564	196,957	185,812	21,607	11%	11,145	6%
Income (loss) before capital contributions	(21,907)	31,872	26,068	(53,779)	(169)%	5,804	22%
Capital contributions	66,751	39,991	38,934	26,760	67%	1,057	3%
Increase in net assets	44,844	71,863	65,002	(27,019)	(38)%	6,861	11%
Beginning net assets	1,506,516	1,434,653	1,369,651	71,863	5%	65,002	5%
Ending net assets	\$ 1,551,360	\$ 1,506,516	\$ 1,434,653	\$ 44,844	3%	\$ 71,863	5%

There was an *operating income* (operating revenues less operating expenses—not reflected in Table 2, see *Statements of Revenues, Expenses and Changes in Fund Net Assets*) of \$3.4 million in 2009, compared to \$44.9 million in 2008 and \$38.8 million in 2007 (see Figure 3).

There was a *loss before capital contributions* of \$21.9 million in 2009 compared to income of \$31.9 million in 2008 and income of \$26.1 million in 2007 (see Figure 4).

Figure 3 - Operating Income

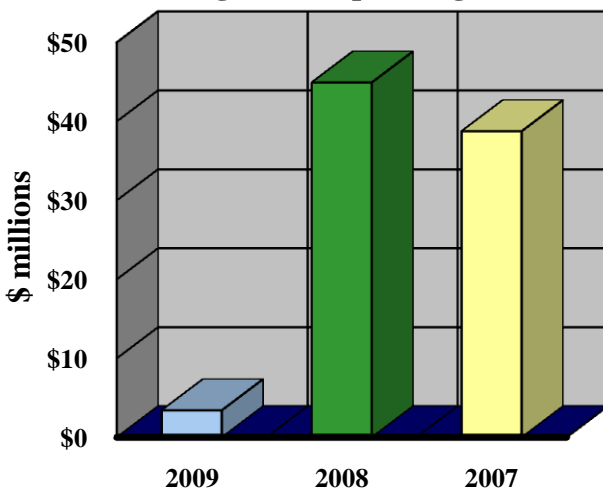


Figure 4 - Income (loss) before Capital Contributions

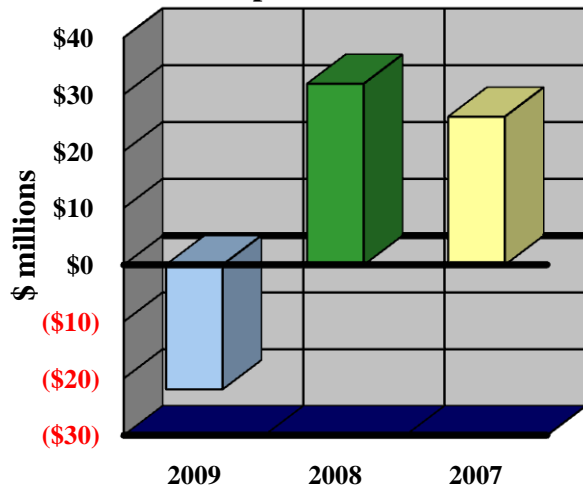
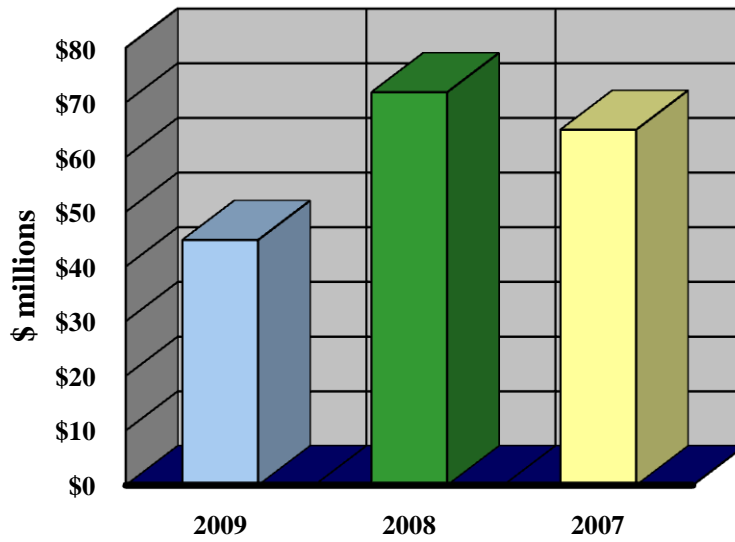


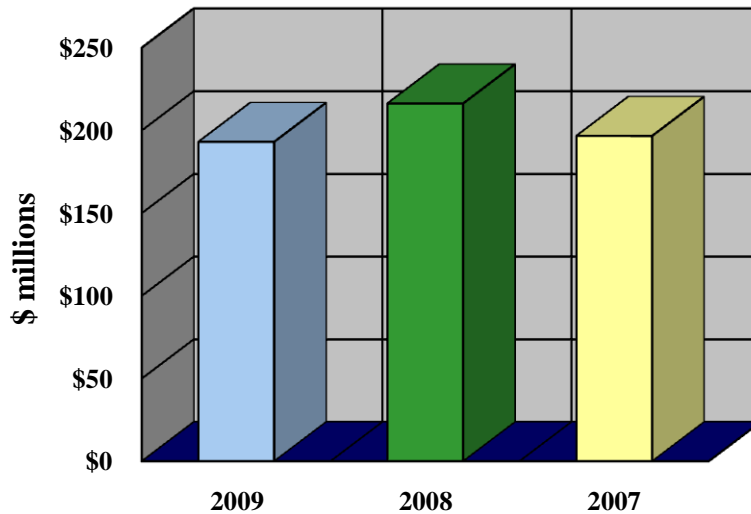
Figure 5 - Increase in Net Assets



Specifically, major changes in the statements of revenues, expenses and changes in fund net assets were as follows:

- **OPERATING REVENUES** in 2009 decreased \$23.2 million, or 11% from 2008. They increased \$19.6 million, or 10% between 2008 and 2007 (see Figure 6 and Table 3).

Figure 6 - Operating Revenues



	Years Ended December 31,			2009 - 2008		2008 - 2007	
	2009	2008	2007	Increase (Decrease)	%	Increase (Decrease)	%
				Change		Change	
Water:							
Water sales	\$ 184,396	\$ 205,941	\$ 188,729	\$ (21,545)	(10)%	\$ 17,212	9%
Power generation and other:							
Power sales	4,949	4,315	2,615	634	15%	1,700	65%
Special assessments	3,685	6,006	5,298	(2,321)	(39)%	708	13%
	8,634	10,321	7,913	(1,687)	(16)%	2,408	30%
Total operating revenues	\$ 193,030	\$ 216,262	\$ 196,642	\$ (23,232)	(11)%	\$ 19,620	10%

Water sales in 2009 decreased due to a 16% decrease in water sold (68.192 billion gallons sold in 2009 compared to 81.403 billion gallons sold in 2008) partially offset by a rate increase effective January 1, 2009, designed to increase overall total system water rate revenue by 9%. Except for mandatory drought restrictions, changes in water consumption from year to year are generally directly related to changes in temperature, and inversely related to changes in precipitation. Longer term changes in consumption are the result of changes in conservation habits on the part of consumers and the customer base. The decrease during 2009 was attributable to the economy, an unusually wet summer, and continued conservation efforts on the part of our customers.

Water sales in 2008 increased due to a 5% increase in water sold (81.403 billion gallons sold in 2008 compared to 77.405 billion gallons sold in 2007) and a rate increase effective January 1, 2008, designed to increase overall total system water rate revenue by 5%.

Power Sales consist of sales of electricity to Xcel Energy and Tri-State Generation and Transmission Associates from seven power generating facilities: Dillon, Foothills, Gross, Hillcrest, Roberts Tunnel, Strontia Springs, and Williams Fork. Because power is generated by use of water turbines, differences in power sales from year to year are caused primarily by increases or decreases in water flows due to weather conditions or interruptions of power generating operations for repairs and maintenance. Additionally, the increase in 2008 was the result of a new power generation facility at Gross Reservoir.

Special assessments consist primarily of delinquent bill charges, hydrant meter revenue, turn-off/turn-on charges, and charges for water violations and exemption permits. Differences from year to year are caused by increases or decreases in one or more of these components. The decrease during 2009 was the result of a temporary suspension of delinquent bill charges and turn-off and turn-on charges during implementation of the new customer information system. The increase in special assessments during 2008 was largely due to fee increases.

- **NONOPERATING REVENUES** in 2009 decreased \$8.9 million, or 71% from 2008. They decreased \$2.7 million, or 18% between 2008 and 2007 (see Table 4).

	Years Ended December 31,			2009 - 2008		2008 - 2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
	Investment income	\$ 948	\$ 9,141	\$ 12,201	\$ (8,193)	(90)%	\$ (3,060)
Other nonoperating income	2,679	3,426	3,037	(747)	(22)%	389	13%
Total nonoperating revenues	\$ 3,627	\$ 12,567	\$ 15,238	\$ (8,940)	(71)%	\$ (2,671)	(18)%

Investment income changes from year to year are due to a combination of changes in interest rates earned, unrealized changes in fair market values, and changes in average investment balances. The decrease in 2009 is primarily the result of two factors: 1) a decrease in income received of \$5.7 million due mostly to lower interest income earned on investments in Denver Water’s portfolio as market interest rates declined dramatically in the later part of 2008 and remained at historic lows throughout 2009, and 2) an unrealized decrease of \$2.5 million due to a decline in market values of the highest-quality fixed income investments following a rebound in equity markets and lower demand for the safest securities. Since Denver Water holds its investments to maturity, this decrease is not expected to become realized. The decrease in 2008 was primarily due to a realized decrease of \$2.0 million and an unrealized decrease of \$1.0 million.

- **OPERATING EXPENSES** in 2009 increased \$18.3 million, or 11% from 2008. They increased \$13.5 million, or 9% between 2008 and 2007 (see Figures 7, 8, 9 and Table 5).

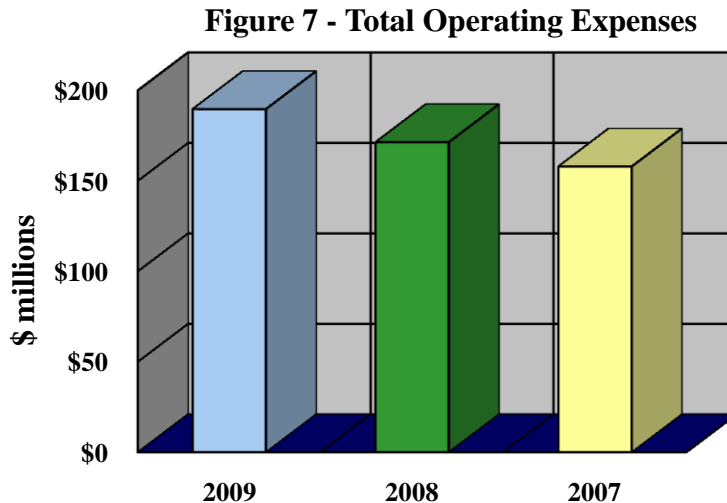
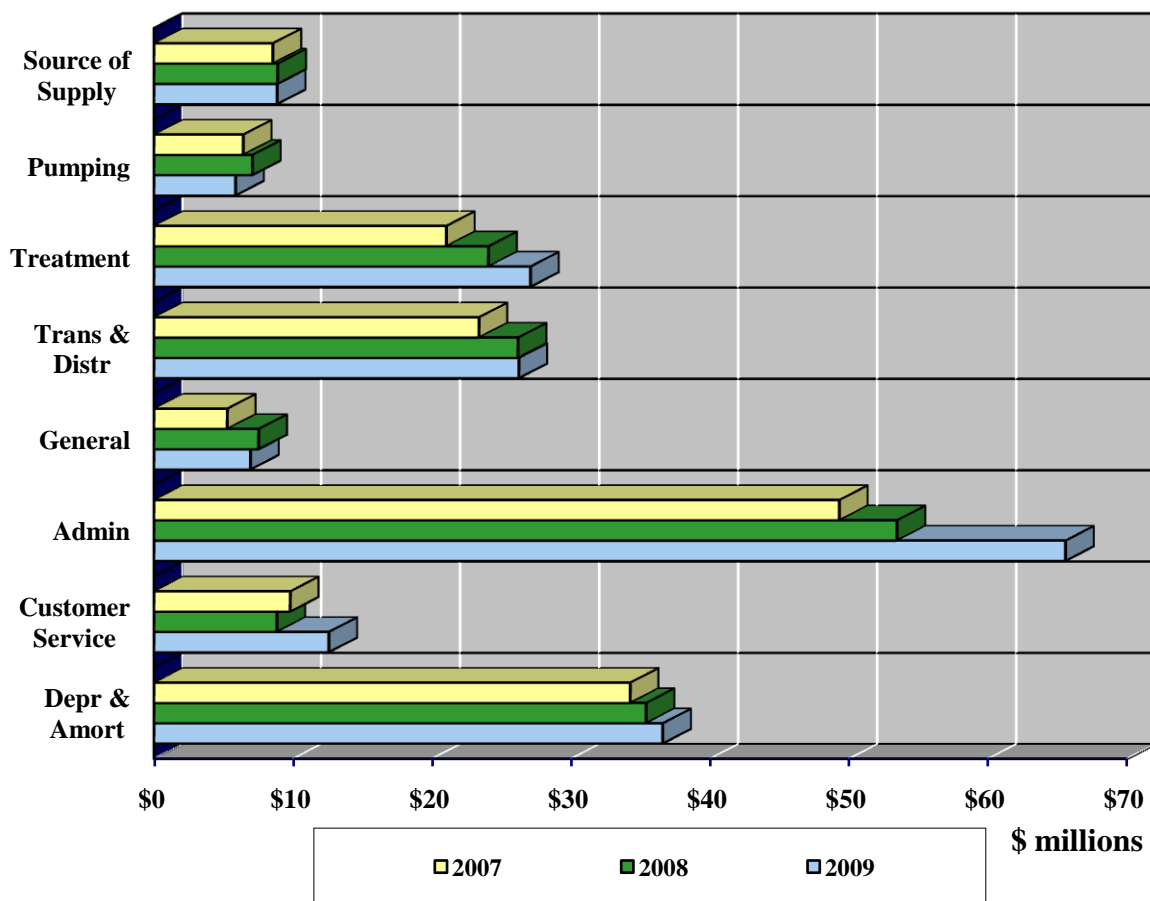


Table 5 - Operating Expenses by Category
(amounts expressed in thousands)

	Years Ended December 31,			2009 - 2008		2008 - 2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
	Source of supply	\$ 8,840	\$ 8,885	\$ 8,538	\$ (45)	(1)%	\$ 347
Pumping	5,851	7,063	6,405	(1,212)	(17)%	658	10%
Treatment	27,069	24,051	21,016	3,018	13%	3,035	14%
Transmission & distribution	26,233	26,177	23,362	56	0%	2,815	12%
General	6,925	7,519	5,256	(594)	(8)%	2,263	43%
Administrative	65,562	53,436	49,289	12,126	23%	4,147	8%
Customer service	12,561	8,831	9,787	3,730	42%	(956)	(10)%
Depreciation and amortization	36,582	35,382	34,238	1,200	3%	1,144	3%
Total operating expenses	\$ 189,623	\$ 171,344	\$ 157,891	\$ 18,279	11%	\$ 13,453	9%

Figure 8 - Operating Expenses by Category



2009

Operating expenses increased in 2009 primarily due to increased expenses in Treatment, Administrative, and Customer Service.

Treatment - Increased primarily due to increased maintenance at Marston, Moffat and Foothills treatment plants, increased liability for closure and postclosure care of Ralston sludge drying ponds, and increased chemicals purchases.

Administrative - Increased primarily due to increased expenses in Public Affairs and Information Technology, and increased legal claims:

- Public Affairs increased primarily due to conservation incentives and rebates, the new customer information system training costs and post-production support, and work on the accelerated conservation plan.
- Information Technology increased due to increased expenditures for computer software, software maintenance, and software licenses, including the new customer information system.

Customer Service – Increased primarily due to increased costs in the automatic meter reading program and ERTS device installations or replacements.

2008

Operating expenses increased in 2008 primarily due to increased expenses in Treatment, T&D, General, and Administrative.

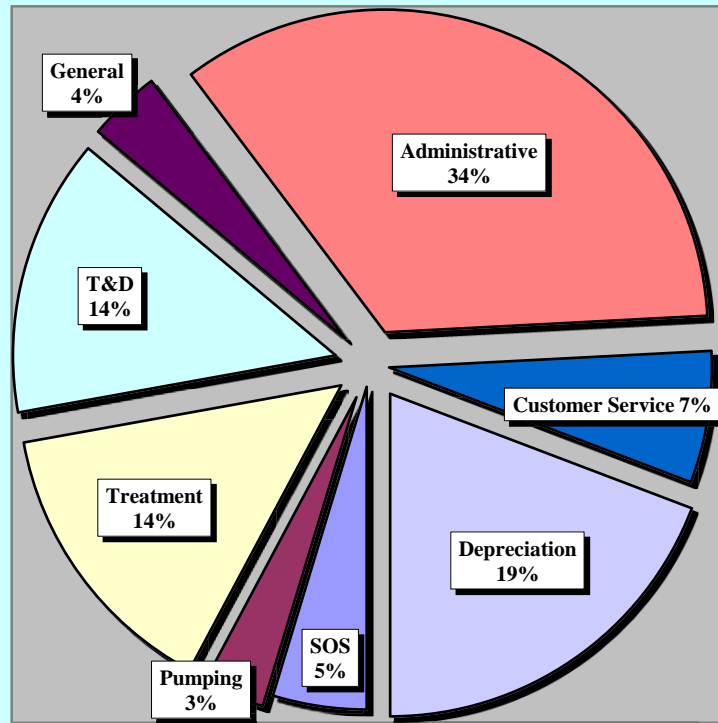
Treatment – increased maintenance of Foothills, Moffat and Marston treatment plants.

T&D – increased maintenance of conduits and mains.

General – increased costs of insurance policies and liability claims.

Administrative – increased costs of engineering projects, legal claims, and conservation.

Figure 9 - Operating Expense Categories as a Percent of Total Operating Expenses - 2009



- **NONOPERATING EXPENSES** in 2009 increased \$3.3 million, or 13% from 2008. They decreased \$2.3 million, or 8% between 2008 and 2007 (see Table 6).

Table 6 - Nonoperating Expenses
(amounts expressed in thousands)

	Years Ended December 31,			2009 - 2008		2008 - 2007	
	2009	2008	2007	Increase (Decrease)	% Change	Increase (Decrease)	% Change
	Interest expense	\$ 17,547	\$ 17,699	\$ 16,305	\$ (152)	(1)%	\$ 1,394
Loss on disposition of capital assets	8,168	4,426	9,144	3,742	85%	(4,718)	(52)%
Other nonoperating expense	3,226	3,488	2,472	(262)	(8)%	1,016	41%
Total nonoperating expenses	\$ 28,941	\$ 25,613	\$ 27,921	\$ 3,328	13%	\$ (2,308)	(8)%

Interest expense changes from year to year are due to a combination of differences in the amount of debt, interest rates paid on the debt, and interest expense capitalized for construction projects. When interest is capitalized, the interest is added to the cost of the project and deducted from interest expense. The increase during 2008 was primarily due to decreased interest expense capitalized.

Loss on disposition of capital assets during 2009 was primarily due to retirement of obsolete assets at Foothills and Marston Treatment Plants as a result of physical inventories, and

write-offs of various Information Technology work orders that did not meet capitalization criteria. The loss during 2008 represents write-offs of replaced mains and hydrants, and write-offs of retired and obsolete assets at Moffat Treatment Plant as a result of a physical inventory.

- **CAPITAL CONTRIBUTIONS** in 2009 increased \$26.8 million, or 67% from 2008. They increased \$1.1 million, or 3% between 2008 and 2007 (see Table 7).

	Years Ended December 31,			2009 - 2008		2008 - 2007	
	2009	2008	2007	Increase (Decrease)	%	Increase (Decrease)	%
				Change		Change	
Contributions in aid of construction	\$ 41,443	\$ 21,492	\$ 12,911	\$ 19,951	93%	\$ 8,581	66%
System development charges	25,308	18,499	26,023	6,809	37%	(7,524)	(29)%
Total capital contributions	<u>\$ 66,751</u>	<u>\$ 39,991</u>	<u>\$ 38,934</u>	<u>\$ 26,760</u>	67%	<u>\$ 1,057</u>	3%

Contributions in aid of construction represent facilities, or cash payments for facilities, conveyed to the distribution system from property owners, governmental agencies, and customers who receive benefit from such facilities. Differences from year to year are caused by the general level of construction activity in the Denver metropolitan area. The increase in 2009 was primarily contributions from South Adams County Water and Sanitation District (“SACWSD”) for the Downstream Reservoir Project (See Note 8 to the financial statements).

System development charges (“SDCs”) represent fees charged to customers to connect to the water system. Differences from year to year are also caused by the general level of construction activity in the Denver metropolitan area. The increase in 2009 is due to the recognition of \$17.2 million out of the total \$22.9 million prepaid system development charges paid by SACWSD during 1997 (see Note 8 to the financial statements).

CAPITAL ASSET ACTIVITY

The Board’s capital assets at December 31, 2009 and 2008 amounted to \$1.76 billion and \$1.71 billion, net of accumulated depreciation and amortization, respectively. Capital asset additions in 2009 and 2008 were \$103.1 million and \$101.3 million, respectively, an increase of \$1.8 million or 1.8%. Major projects were as follows (see Table 8):

<u>Table 8 - Capital Additions</u>	
<u>Year Ended December 31, 2009</u>	
<u>(amounts expressed in thousands)</u>	
Conduits, Distribution Mains, Hydrants & Valves	\$ 25,892
Land Acquisitions	14,945
South Platte Downstream Storage - Gravel Pits	11,899
Capitalized Software & IT Projects	10,028
Marston Treatment Plant	8,034
Williams Fork Power Plant	4,285
Motor Vehicles & Heavy Equipment	3,457
Foothills Treatment Plant	2,482
Water Rights	2,191
Westside	2,009
Kendrick Pump Station	1,875
IRP Project Moffat Collection System	1,502
South Boulder Canal	1,353
Cheesman Dam	1,277
Channel Improvements	1,102
General Equipment	999
Other Misc Pump Stations	881
Other	8,935
	<u>\$ 103,146</u>

Information on Denver Water's capital assets can be found in Note 4 to the financial statements and Exhibit I of the supplemental information.

LONG-TERM DEBT ACTIVITY

The Board issued \$44.0 million in Series 2009 Water Revenue Bonds dated June 2, 2009 at a net true interest cost of 3.94%. The bonds constitute fully taxable Build America Bonds (BABs) issued under the American Recovery and Reinvestment Act of 2009. The Board receives a direct federal subsidy in an amount equal to 35% of the interest payable on the bonds on each interest payment date. Concurrently with the bond issuance, Standard and Poor rating agency upgraded Denver Water's stand alone credit rating from AA to AAA for all debt, including BABs.

Information on Denver Water's long-term debt can be found in Notes 6, 7 and 10 to the financial statements and Exhibits II-A through II-G of the supplemental information.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance
 Denver Water
 1600 W. 12th Ave.
 Denver, Co 80204-3412

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2009 AND 2008
(amounts expressed in thousands)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash	\$ 16,106	\$ 22,073
Temporary cash investments, at fair value, including accrued interest	160,013	157,170
Accounts receivable	17,626	23,446
Materials and supplies inventory, at weighted average cost	6,640	6,253
Prepaid expenses	509	420
	<u>200,894</u>	<u>209,362</u>
NONCURRENT ASSETS:		
Capital assets:		
Utility plant	2,150,016	2,038,064
Nonutility plant	8,765	8,849
	<u>2,158,781</u>	<u>2,046,913</u>
Less accumulated depreciation and amortization	<u>(557,421)</u>	<u>(536,204)</u>
	1,601,360	1,510,709
Utility plant under capital lease, less accumulated amortization of \$31,639 and \$29,954, respectively	81,304	84,976
Construction in progress	77,340	109,316
Net capital assets	<u>1,760,004</u>	<u>1,705,001</u>
Other noncurrent assets:		
Long-term investments	19,046	22,865
Deferred charges and other assets, less accumulated amortization of \$292 and \$276, respectively	11,691	8,537
Long-term receivable	20,063	27,763
Total other noncurrent assets	<u>50,800</u>	<u>59,165</u>
	<u>1,810,804</u>	<u>1,764,166</u>
Total noncurrent assets	<u>1,810,804</u>	<u>1,764,166</u>
Total assets	<u>2,011,698</u>	<u>1,973,528</u>

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2009 AND 2008
(amounts expressed in thousands)

<u>LIABILITIES</u>	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 10,518	\$ 6,776
Accrued payroll, vacation and other employee benefits	15,246	13,621
Construction contracts (including retainages of \$1,241 and \$2,224, respectively)	6,265	4,448
Accrued interest on long-term debt	2,286	2,452
Unearned revenue	-	84
Current portion of bonds payable:		
General obligation bonds	3,080	11,555
Revenue bonds	21,360	12,465
Current portion of obligations under capital lease:		
Certificates of participation	6,205	5,970
Other	1,519	1,422
	<u>66,479</u>	<u>58,793</u>
Total current liabilities		
NONCURRENT LIABILITIES:		
Bonds payable, net:		
General obligation bonds	27,935	31,009
Revenue bonds	290,141	268,720
Obligations under capital lease:		
Certificates of participation	21,630	27,835
Other	20,789	22,309
Customer advances for construction	18,437	46,536
Accrued sick leave	4,951	4,357
Other postemployment benefits	6,585	4,857
Waste disposal closure and postclosure care	3,391	2,596
	<u>393,859</u>	<u>408,219</u>
Total noncurrent liabilities		
	<u>460,338</u>	<u>467,012</u>
Total liabilities		
COMMITMENTS AND CONTINGENCIES		
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	1,363,848	1,319,268
Restricted for debt service reserve funds	13,233	9,005
Unrestricted	174,279	178,243
	<u>1,551,360</u>	<u>1,506,516</u>
Total net assets		

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(amounts expressed in thousands)

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES:		
Water	\$ 184,396	\$ 205,941
Power generation and other	8,634	10,321
	<u>193,030</u>	<u>216,262</u>
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	67,993	66,176
General and administrative	72,487	60,955
Customer service	12,561	8,831
Depreciation and amortization	36,582	35,382
	<u>189,623</u>	<u>171,344</u>
	<u>3,407</u>	<u>44,918</u>
OPERATING INCOME		
NONOPERATING REVENUES (EXPENSES):		
Investment income	948	9,141
Interest expense, less capitalized interest of \$13 and \$35, respectively	(17,547)	(17,699)
Loss on disposition of capital assets	(8,168)	(4,426)
Other income	2,679	3,426
Other expense	(3,226)	(3,488)
	<u>(25,314)</u>	<u>(13,046)</u>
	<u>(21,907)</u>	<u>31,872</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS		
CAPITAL CONTRIBUTIONS:		
Contributions in aid of construction	41,443	21,492
System development charges	25,308	18,499
	<u>66,751</u>	<u>39,991</u>
	44,844	71,863
INCREASE IN NET ASSETS		
NET ASSETS:		
Beginning of year	<u>1,506,516</u>	<u>1,434,653</u>
End of year	<u>\$ 1,551,360</u>	<u>\$ 1,506,516</u>

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(amounts expressed in thousands)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$206,550	\$209,905
Payments to employees	(92,025)	(78,981)
Payments to suppliers	(54,908)	(54,759)
Other receipts	2,595	3,426
Other payments	<u>(3,161)</u>	<u>(3,553)</u>
Net cash provided by operating activities	<u>59,051</u>	<u>76,038</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction	20,115	13,758
Proceeds from system development charges	8,118	18,499
Proceeds from sales of capital assets	411	490
Proceeds from long-term revenue bonds, net	43,560	1,800
Acquisition of capital assets	(88,993)	(101,050)
Principal payments for long-term bonds	(24,020)	(23,210)
Principal payments for capital lease obligations	(7,393)	(7,040)
Interest paid (includes capitalized interest of \$13 and \$35, respectively)	<u>(18,741)</u>	<u>(19,324)</u>
Net cash used for capital and related financing activities	<u>(66,943)</u>	<u>(116,077)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	244,375	422,684
Interest received from investments	3,637	10,001
Purchases of investments	<u>(246,087)</u>	<u>(371,196)</u>
Net cash provided by investing activities	<u>1,925</u>	<u>61,489</u>
NET INCREASE (DECREASE) IN CASH	(5,967)	21,450
CASH, AT BEGINNING OF YEAR	<u>22,073</u>	<u>623</u>
CASH, AT END OF YEAR	<u>\$ 16,106</u>	<u>\$ 22,073</u>

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(amounts expressed in thousands)

	2009	2008
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 3,407	\$ 44,918
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other nonoperating revenues	3,820	4,474
Other nonoperating expenses	(3,161)	(3,553)
Depreciation and amortization of property, plant and equipment	36,582	35,382
Change in assets and liabilities-		
Accounts receivable	13,520	(6,357)
Materials and supplies inventory	(257)	(42)
Prepaid expenses	(89)	(178)
Deferred charges	(3,171)	57
Accounts payable	3,742	(1,621)
Accrued payroll, vacation and other employee benefits	2,219	1,589
Unearned revenue	(84)	-
Other postemployment benefits	1,728	1,266
Waste disposal closure and postclosure care	795	103
	\$ 59,051	\$ 76,038
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through capital contributions (see Note 1)	\$21,328	\$ 7,734
Assets acquired in construction contracts payable	6,265	4,448
Increase (decrease) in fair value of investments	(2,301)	183

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

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DECEMBER 31, 2009 AND 2008

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BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Water Commissioners (the "Board") was created under the Charter of the City and County of Denver, Colorado (the "City") as an independent, nonpolitical board. The Board has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. Also, as a byproduct of water operations, the Board operates seven hydropower plants which generate power for sale to Xcel Energy and Tri-State Generation and Transmission Association, for internal consumption, and for repayment to the Department of Energy for power interference.

The Board has a five-member governing body, which is appointed by the Mayor of the City for overlapping six-year terms. In accordance with Governmental Accounting Standards Board ("GASB") Statements No. 14, *The Financial Reporting Entity*, and 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, the Board would be classified as 1) an "other stand-alone government" since the Board is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for the Board, and 2) a "related organization" since the Mayor of the City appoints the Board's governing body, but is not financially accountable. However, the City has elected to include the Board's financial statements in the City's financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of the Board's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Board has no component units as defined in GASB Statements No. 14 and 39.

B. Measurement Focus and Basis of Accounting

The Board's financial statements are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the statement of net assets, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

C. Accounting Standards

The Board applies all applicable pronouncements of the GASB as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), Opinions of the Accounting Principles Board, and Accounting Research Bulletins of the Committee on Accounting Procedure of the American Institute of Certified Public Accountants. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Board has elected not to apply FASB pronouncements issued after November 30, 1989.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial

statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash

The definition of cash for purposes of the statements of cash flows is cash on deposit with the City Treasurer in the Water Works Fund, cash in lock box, and cash on hand.

F. Investments

The Board's investments consist of money market investments (commercial paper and money market mutual funds) and U.S. Treasury, agency, and corporate notes and bonds. The method of valuation for all investments is fair value (see Note 2, *Deposits and Investments*).

G. Materials and Supplies Inventory

Materials and supplies inventory is valued at weighted average cost, which approximates lower of cost or market.

H. Restricted Net Assets and Flow Assumption for Restricted Net Assets

Restricted net assets consists of the revenue bonds debt service reserve fund included in temporary cash investments, and the Certificates of Participation capital lease ("COPs") reserve fund included in deferred charges. The revenue bonds debt service fund is used to pay principal and interest on the revenue bonds as they become due, and the COPs reserve fund is to be used only in the event the Board fails to make any base rental payments or other required payments and fees from unrestricted assets. At the end of the lease term, the reserve fund and any related interest will be released to the Board. Restricted funds are used for their intended purpose before unrestricted funds.

I. Capital Assets

Purchased and constructed capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date received. Assets are capitalized if they have a cost of \$5,000 or more and have a useful life of more than one year.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective depreciable or amortizable asset classes as follows:

<u>Depreciation Lives by Asset Class</u>	
Buildings and improvements	10 - 80 years
Motor vehicles and motorized equipment	5 - 15 years
Furniture, machinery and equipment	5 - 80 years

Maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized and depreciated or amortized. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in nonoperating revenues (expenses).

Costs of certain engineering, feasibility, environmental and other studies are capitalized until the related projects become operational. When projects become operational, the costs are transferred to property, plant, and equipment and depreciated over the estimated useful life of the asset. In the event the projects do not become operational or the costs do not benefit future projects, all accumulated costs are expensed in the period such determination is made. If the projects become inactive but are not abandoned, the costs are carried as deferred charges and amortized over

their estimated useful lives, or until the related projects become operational or abandoned. At December 31, 2009 and 2008, inactive development costs included in deferred charges which, in the Board's opinion, will be used in connection with future construction activities, totaled \$32,000, and \$49,000, respectively, net of amortization.

Interest during the construction period is capitalized on major construction projects. Certain applicable general and administrative costs of an overhead nature are also capitalized, and such costs are depreciated over the estimated useful lives of the related assets when the related assets are transferred to capital assets.

J. Contributions

Contributions consist of contributions in aid of construction ("CIAC") and system development charges ("SDC"). CIAC represent facilities, or cash payments for facilities, received from developers, property owners, governmental agencies, or customers who receive benefit from such facilities. SDC represent fees charged to customers to connect to the water system. Contributions are recognized in the statement of revenues, expenses, and changes in fund net assets, after nonoperating revenues (expenses), when earned. Assets acquired through CIAC and SDC are included in capital assets. Depreciation applicable to such assets is computed using the straight-line method over 80 and 60 years for CIAC and SDC assets, respectively, and is included in operating expenses (see Note 14, *Capital Contributions*).

K. Employee Compensated Absences

The Board's policy is to accrue as an expense and liability employee vacation, sick leave and other compensated absences, including related payroll taxes, using the "vesting method" in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The accrual also includes an estimate for employees who have earned sick leave but have not vested.

L. Operating Revenues and Expenses

Operating revenues consist primarily of charges to customers for the sale of water and power. Operating expenses consist of the cost of providing water and power, including administrative expenses and depreciation on capital assets. All other revenues and expenses are classified as nonoperating.

The Board accrues for estimated unbilled revenues for water provided through the end of each year from the last reading of the meters, based on the billing cycle.

M. Rates and Fees

Under the City Charter, the Board is empowered to set rates for all of its customers. These rates "...may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare...."

Consumption and Service Charges

On September 26, 2007, the Board approved a water rate increase, effective January 1, 2008, designed to increase overall total system water rate revenue by 5.0%.

On September 24, 2008, the Board approved a water rate increase, effective January 1, 2009, designed to increase overall total system water rate revenue by 9.0%.

On October 28, 2009, the Board approved a water rate increase, effective February 3, 2010, designed to increase overall total system water rate revenue by 6.0%.

SDC

On November 14, 2007, the Board approved an SDC increase, effective January 14, 2008, designed to increase treated water tap fees by an average of 7.0% and raw and recycled water tap fees by an average of 4.1%.

On February 11, 2009, the Board approved changes in 2009 SDC pricing, effective April 13, 2009. These changes decreased treated water tap fees by an average of 5.4% while increasing raw and recycled water tap fees by an average of 7.0%.

On December 9, 2009, the Board approved an SDC increase, effective February 8, 2010, designed to increase treated water tap fees by an average of 14.1% and raw and recycled water tap fees by an average of 13.6%.

N. Recently Issued Accounting Standards

The Board implemented the following accounting standards in 2008. They had no impact on the financial statements or note disclosure:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which was early implemented.

O. Reclassifications

Certain reclassifications have been made to prior year's information to conform to the current year presentation, i.e., reclassification of *Prepaid Expenses* out of *Deferred Charges and Other Assets*.

(2) DEPOSITS AND INVESTMENTS

All deposits are either insured or covered by the Colorado Public Deposit Protection Act and are therefore not exposed to custodial credit risk.

Colorado statutes and the City Charter authorize the Board to expend funds for the operation of the Board, including the purchase of investments. The Board has an investment policy that allows for the following investments:

- U.S. Government direct obligations and unconditionally guaranteed federal agency securities
- Other federal agency securities
- Commercial paper
- Corporate fixed income securities
- Money market mutual funds

The Board's investments (current and long-term) at December 31, 2009 and 2008, and their maturities were as follows:

<u>Current and Long-Term Investments</u>			
<u>As of December 31, 2009</u>			
<u>(amounts expressed in thousands)</u>			
<u>Investment Type</u>	Fair Value	Investment Maturities (in years)	
		Less Than 1	1 - 5
U.S. Treasuries	\$ 151,639	\$ 133,639	\$ 18,000
U.S. agencies	26,348	25,302	1,046
Commercial paper	-	-	-
Corporate fixed income	518	518	-
Total securities	<u>178,505</u>	<u>159,459</u>	<u>19,046</u>
Money market funds (not considered securities)	<u>554</u>	<u>554</u>	-
Total investments	<u>\$ 179,059</u>	<u>\$ 160,013</u>	<u>\$ 19,046</u>

<u>Current and Long-Term Investments</u>			
<u>As of December 31, 2008</u>			
<u>(amounts expressed in thousands)</u>			
<u>Investment Type</u>	Fair Value	Investment Maturities (in years)	
		Less Than 1	1 - 5
U.S. Treasuries	\$ 91,328	\$ 83,228	\$ 8,100
U.S. agencies	56,030	41,761	14,269
Commercial paper	22,064	22,064	-
Corporate fixed income	1,432	936	496
Total securities	<u>170,854</u>	<u>147,989</u>	<u>22,865</u>
Money market funds (not considered securities)	<u>9,181</u>	<u>9,181</u>	-
Total investments	<u>\$ 180,035</u>	<u>\$ 157,170</u>	<u>\$ 22,865</u>

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board's investment policy for the portfolio limits investments to the following maximum maturities.

<u>Maximum Maturities</u> <u>As of December 31, 2009 and 2008</u>	
<u>Type of Investment</u>	<u>Maximum Maturity*</u>
Commercial paper	270 days
Corporate fixed income securities	3 years
Agency securities	4 years
Treasury securities	5 years
Repurchase agreements	7 business days
*No more than 25% of the portfolio shall be invested for periods in excess of three years and no less than 30% of the portfolio shall be held in U.S. Government Securities.	

Credit Risk

The Board limits the purchase of investments in commercial paper to those rated either A1 or better by Standard & Poor's ("S&P") or P1 by Moody's Investor Services (Moody's), both nationally recognized statistical rating organizations. Corporate bonds must be rated AA- or better by S&P or Aa3 or better by Moody's. Money market funds shall have a rating of AAAM from S&P. As of December 31, 2009, all corporate bonds held were rated AAA by S&P or Aaa by Moody's and there was no commercial paper in the portfolio. As of December 31, 2008, all corporate bonds held were rated AA- or higher by S&P or Aa3 or higher by Moody's and most of the Board's investments in commercial paper were rated A1 or better by S&P or P-1 by Moody's, with the exception of two securities that were downgraded to A3/P-2 September 15, 2008. These securities, representing 1.1% of the total portfolio at December 31, 2008, matured at face value in early 2009. The Board also invests in securities issued by U.S. Government Sponsored Enterprises such as Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Agricultural Mortgage Corporation, Federal Home Loan Banks, and Federal Farm Credit Banks, and U.S. Government obligations. All of these securities were rated AAA or Aaa, with the exception of Federal Agricultural Mortgage Corporation held in a portfolio as of December 31, 2008, which was assigned A-1+ rating by our custodian bank.

Concentration of Credit Risk

To reduce the concentration of credit risk the Board has placed limits on the amount that may be invested in any one issuer. The schedule below provides the limits set forth by the Board in the Investment Policy in effect for 2009 and 2008.

<u>Maximum Concentrations, Any One Issuer</u> <u>As of December 31, 2009 and 2008</u>	
<u>Type of Investment*</u>	<u>Maximum Concentration</u>
Money market mutual funds	10% of portfolio
Commercial paper	5% of portfolio
Corporate fixed income securities	Greater of 2% of portfolio or \$1 million
Federal agency securities	15% of the portfolio
U.S. government obligations	No limit
*Includes securities held in repurchase agreements	

As of December 31, 2009 and 2008, there were no investments that exceeded the limits imposed by the Board.

Reserve Fund Agreement

Effective April 7, 2004, the Board entered into an agreement with BNY Western Trust Company (“Trustee”) and Lehman Brothers Special Financing, Inc. (“Lehman”) whereby monies held by the Trustee of the Certificates of Participation (see Note 7, *Leases*) as a reserve fund are invested in securities sold by Lehman at a guaranteed fixed interest rate of 4.127%. The agreement was entered into by the Board for purposes of managing its borrowings and related investments by increasing the predictability of its cash flow from earnings and not for purposes of speculation. The agreement was scheduled to terminate in November 2011 for the Series 1998 Certificates and in November 2016 for the Series 2001 Certificates. The reserve fund agreement was terminated without cost after Lehman filed for chapter 11 bankruptcy protection on September 15, 2008. The funds were subsequently reinvested into permitted investments as defined in the Amended and Restated Mortgage and Indenture of Trust dated October 1, 1998. Scheduled reserve fund amounts invested are \$2,321,000 for the Series 1998 Certificates and \$3,595,000 for the Series 2001 Certificates.

(3) ACCOUNTS RECEIVABLE

Current and long-term accounts receivable at December 31, 2009 and 2008 were as described below. Other receivables include receivables for contributions in aid of construction, system development charges, nonpotable and hydrant water sales, and power sales. Long-term receivables represent financing arrangements with the City and County of Denver and various suburban water districts for the sale of water.

<u>Accounts Receivable</u>				
<u>(amounts expressed in thousands)</u>				
	December 31,			
	2009		2008	
<u>Current</u>				
Water sales	\$ 12,939	73%	\$ 19,107	81%
Other	4,687	27%	4,339	19%
	<u>\$ 17,626</u>	<u>100%</u>	<u>\$ 23,446</u>	<u>100%</u>
<u>Long-term</u>	<u>\$ 20,063</u>		<u>\$ 27,763</u>	
<u>From the City and County of Denver (included above)</u>				
<u>Current</u>				
Water sales	\$ 90		\$ 816	
Other	1,526		-	
	<u>1,616</u>		<u>816</u>	
<u>Long-term</u>	<u>4,740</u>		<u>-</u>	
	<u>\$ 6,356</u>		<u>\$ 816</u>	

(4) CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2009 and 2008 were as follows:

	<u>Capital Assets</u>			
	<u>For the Year Ended December 31, 2009</u>			
	<u>(amounts expressed in thousands)</u>			
	<u>December 31,</u>	<u>Additions</u>	<u>Sales &</u>	<u>December 31,</u>
	<u>2008</u>	<u>& Transfers</u>	<u>Retirements</u>	<u>2009</u>
<u>Capital assets not being depreciated:</u>				
Land and land rights	\$ 97,262	15,086	-	\$ 112,348
Water rights	65,582	1,393	-	66,975
Construction in progress	109,316	(29,944)	(2,032)	77,340
Total capital assets not being depreciated	<u>272,160</u>	<u>(13,465)</u>	<u>(2,032)</u>	<u>256,663</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	212,288	5,856	(370)	217,774
Improvements other than buildings	1,575,950	77,908	(5,627)	1,648,231
Machinery and equipment	210,761	32,847	(17,212)	226,396
Total capital assets being depreciated	<u>1,998,999</u>	<u>116,611</u>	<u>(23,209)</u>	<u>2,092,401</u>
Less accumulated depreciation:				
Buildings and improvements	(52,176)	(3,768)	125	(55,819)
Improvements other than buildings	(430,600)	(26,901)	3,189	(454,312)
Machinery and equipment	(83,382)	(7,037)	11,490	(78,929)
Total accumulated depreciation	<u>(566,158)</u>	<u>(37,706)</u>	<u>14,804</u>	<u>(589,060)</u>
Total capital assets being depreciated, net	<u>1,432,841</u>	<u>78,905</u>	<u>(8,405)</u>	<u>1,503,341</u>
Total capital assets, net	<u>\$ 1,705,001</u>	<u>65,440</u>	<u>(10,437)</u>	<u>\$ 1,760,004</u>

<u>Capital Assets</u>				
<u>For the Year Ended December 31, 2008</u>				
<u>(amounts expressed in thousands)</u>				
	<u>December 31,</u> <u>2007</u>	<u>Additions</u> <u>& Transfers</u>	<u>Sales &</u> <u>Retirements</u>	<u>December 31,</u> <u>2008</u>
<u>Capital assets not being depreciated:</u>				
Land and land rights	\$ 93,077	\$ 4,201	\$ (16)	\$ 97,262
Water rights	63,198	2,384	-	65,582
Construction in progress	155,813	(44,541)	(1,956)	109,316
Total capital assets not being depreciated	<u>312,088</u>	<u>(37,956)</u>	<u>(1,972)</u>	<u>272,160</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	209,195	3,524	(431)	212,288
Improvements other than buildings	1,499,287	83,470	(6,807)	1,575,950
Machinery and equipment	161,442	52,290	(2,971)	210,761
Total capital assets being depreciated	<u>1,869,924</u>	<u>139,284</u>	<u>(10,209)</u>	<u>1,998,999</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	(49,577)	(2,667)	68	(52,176)
Improvements other than buildings	(408,342)	(24,507)	2,249	(430,600)
Machinery and equipment	(76,491)	(9,240)	2,349	(83,382)
Total accumulated depreciation	<u>(534,410)</u>	<u>(36,414)</u>	<u>4,666</u>	<u>(566,158)</u>
Total capital assets being depreciated, net	<u>1,335,514</u>	<u>102,870</u>	<u>(5,543)</u>	<u>1,432,841</u>
Total capital assets, net	<u>\$ 1,647,602</u>	<u>\$ 64,914</u>	<u>\$ (7,515)</u>	<u>\$ 1,705,001</u>

Depreciation and amortization for the years ended December 31, 2009 and 2008 were as follows:

<u>Depreciation and Amortization</u>		
<u>(amounts expressed in thousands)</u>		
	<u>Years Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Operating expenses, water service	\$ 36,582	\$ 35,382
Nonoperating expenses	129	129
Other, as allocated	1,011	919
Total depreciation and amortization	<u>37,722</u>	<u>36,430</u>
Less amortization of plant-related studies included in deferred charges	<u>(16)</u>	<u>(16)</u>
Total increase in accumulated depreciation of property, plant and equipment	<u>\$ 37,706</u>	<u>\$ 36,414</u>

(5) RISK MANAGEMENT

The Board is exposed to various risks of losses including torts, general liability (limited under the Colorado Governmental Immunity Act to \$150,000 per person and \$600,000 per occurrence), property damage, and employee life, medical, dental, and accident benefits. The Board has a risk management program that includes self-insurance for liability, employee medical (including stop-loss coverage), dental, and vision. The Board carries commercial property insurance for catastrophic losses, including floods, fires, earthquakes and terrorism, for scheduled major facilities including the Westside Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Water Treatment Plant, the Recycling Plant, and water turbines. It carries limited insurance for other nonscheduled miscellaneous locations. The Board also carries commercial insurance for life, accident, short and long term disability, workers' compensation, employee dishonesty, and fiduciary exposure. Workers' compensation insurance is under a retrospectively rated policy whereby the initial premiums are adjusted based on actual experience during the period of coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three years. In addition, the Board is often party to pending or threatened lawsuits under which it may be required to pay certain amounts upon their final disposition.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Premiums on the retrospectively rated policy are accrued based on the ultimate cost of the experience to date. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2009 and 2008, claims liabilities consisting of medical, dental and vision benefits; and legal claims were \$6,567,000 and \$2,659,000, respectively. Changes in the balances of these liabilities during 2009, 2008, and 2007 were as follows:

<u>Claims Liabilities</u> (amounts expressed in thousands)				
	<u>Beginning- of-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year-End</u>
2009	\$ 2,659	\$ 17,380	\$ (13,472)	\$ 6,567
2008	\$ 1,452	\$ 11,635	\$ (10,428)	\$ 2,659
2007	\$ 1,966	\$ 10,310	\$ (10,824)	\$ 1,452

Medical claims liabilities are reported in *Accrued Payroll, Vacation, and other Employee Benefits*; and legal claims are reported in *Accounts Payable* on the *statements of net assets*. It is expected the claims will be paid in the next twelve months.

(6) BONDS PAYABLE

General Obligation Bonds Payable

General obligation bonds payable consist of water improvement and refunding bonds of the City. The Board has committed to repay the general obligation bonds and related interest from its revenues. Coupon rates for the general obligation bonds outstanding at December 31, 2009, range from 3.25% to 6.0%. The weighted average yield to maturity at issue for outstanding bonds was 4.93% and 4.69% for the years ended December 31, 2009 and 2008, respectively.

A summary of debt maturity for the general obligation bonds as of December 31, 2009, is as follows:

<u>General Obligation Bonds</u>			
<u>As of December 31, 2009</u>			
<u>(amounts expressed in thousands)</u>			
<u>Year of Maturity:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current:	<u>\$ 3,080</u>	<u>\$ 1,548</u>	<u>\$ 4,628</u>
Long-term:			
2011	4,265	1,391	5,656
2012	1,595	1,177	2,772
2013	1,995	1,112	3,107
2014	1,735	1,023	2,758
2015-2019	5,100	4,137	9,237
2020-2024	1,850	3,431	5,281
2025-2029	<u>11,550</u>	<u>3,232</u>	<u>14,782</u>
	28,090	15,503	43,593
Less net discount	<u>(155)</u>	-	<u>(155)</u>
Total long-term	<u>27,935</u>	<u>15,503</u>	<u>43,438</u>
	<u>\$ 31,015</u>	<u>\$ 17,051</u>	<u>\$ 48,066</u>

The Board no longer has authority to issue general obligation bonds of the City, but previously issued bonds may remain outstanding.

Revenue Bonds Payable

Revenue Bonds payable consists of water revenue improvement and refunding bonds of the Board. The Board has pledged to repay the bonds and related interest from its revenues, and to maintain adequate rates to ensure its ability to do so. Coupon rates for the revenue bonds outstanding at December 31, 2009, range from 0.75% to 6.15%. The weighted average yield to maturity at issue for outstanding bonds was 3.93 and 3.90% for the years ended December 31, 2009 and 2008, respectively.

A summary of debt maturity for the revenue bonds as of December 31, 2009, is as follows:

<u>Revenue Bonds</u>			
<u>As of December 31, 2009</u>			
<u>(amounts expressed in thousands)</u>			
<u>Year of Maturity:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current:	<u>\$ 21,360</u>	<u>\$ 14,660</u>	<u>\$ 36,020</u>
Long-term:			
2011	6,105	13,573	19,678
2012	14,560	13,279	27,839
2013	15,415	12,625	28,040
2014	16,500	11,956	28,456
2015-2019	66,845	48,472	115,317
2020-2024	68,100	33,236	101,336
2025-2029	31,130	20,631	51,761
2030-2034	36,610	13,092	49,702
2035-2039	<u>32,400</u>	<u>4,261</u>	<u>36,661</u>
	287,665	171,125	458,790
Plus premium	3,066	-	3,066
Less deferred amount on refunding	<u>(590)</u>	<u>-</u>	<u>(590)</u>
 Total long-term	 <u>290,141</u>	 <u>171,125</u>	 <u>461,266</u>
	 <u><u>\$311,501</u></u>	 <u><u>\$185,785</u></u>	 <u><u>\$497,286</u></u>

On June 2, 2009 the Board issued Series 2009A Master Resolution water revenue taxable bonds under the American Recovery and Reinvestment Act of 2009 (Build America Bonds) in an aggregate principal amount of \$44,000,000 at a true interest cost at sale of 3.94%. The Board receives a direct federal subsidy in an amount equal to 35% of the interest payable on the bonds on each interest payment date. The bonds were issued in accordance with the Third Supplement to the Master Bond Resolution dated May 13, 2009 for the extension, betterment, other improvement, and equipment of the Water Works System.

On June 23, 2008, the Board issued Series 2008A Master Resolution water revenue (Clean Renewable Energy Tax Credit) bonds in an aggregate principal amount of \$1,800,000 at a true interest cost at sale of 0.75%. The bonds were issued in accordance with the Second Supplement to the Master Bond Resolution dated June 11, 2008 for the extension, betterment, other improvement, and equipment of the Water Works System.

Refundings

In prior years, the Board has refunded and advance refunded various general obligation issues resulting in funds placed in an escrow account to purchase Treasury securities sufficient to pay all future principal and interest payments and to call the bonds on their respective call dates. These bonds are considered defeased and the liability for these bonds has been removed from the Board's *statements of net assets*. The aggregate principal amount of all bonds considered defeased at December 31, 2009 is \$9,455,000.

Prior year advance refundings have resulted in a difference between the reacquisition price and the net carrying amount of the old debt ("deferred amount on refunding"). This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized using the effective interest method as a

component of interest expense through 2011. At December 31, 2009, the unamortized deferred amount on refunding deducted from revenue bonds payable is \$590,000.

(7) LEASES

Capital Leases

Certificates of Participation

The Board entered into a Master Lease Purchase Agreement ("MLPA") with Denver Capital Leasing Corporation ("DCLC"), a nonprofit corporation organized by the City, pursuant to which the Board leases from DCLC certain facilities. The Board constructed the facilities with proceeds from the execution and delivery of Certificates of Participation ("COPs"), evidencing assignments of proportionate interests in rights to receive certain revenue of the Board under its MLPA with DCLC. The COPs are payable solely from the Board's lease payments under the MLPA. DCLC has no obligation to make any payment on the COPs.

COPs were executed and delivered pursuant to a Mortgage and Indenture of Trust Agreement between a bank, acting as trustee ("Trustee"), and DCLC, pursuant to which DCLC assigned all of its rights, title, and interest under the MLPA to the Trustee. The MLPA is subject to termination on an annual basis by the Board, upon which any outstanding COPs will be payable solely from funds held by the Trustee and any amounts made available by the Trustee's sublease or sale of the leased assets under the MLPA.

COPs were issued in 1987, 1991, 1998, and 2001 to finance the construction of pretreatment facilities for the Marston Treatment Plant, improvements to the Moffat Treatment Plant, and construction of the 64th Avenue Pump Station. As of December 31, 2009, only the 2001 and 1998 COPs remain outstanding. The balances of the principal component of future base rental payments are \$22,480,000 (out of \$40,580,000) and \$5,355,000 (out of \$34,885,000), respectively. The assets under the COP capital leases by major asset class, recorded in Utility Plant under Capital Lease, are as follows:

<u>Assets Under Capital Lease - Certificates of Participation</u>		
<u>(amounts expressed in thousands)</u>		
	December 31,	
	2009	2008
Buildings and improvements	\$ 31,114	\$ 31,183
Improvements other than buildings	38,848	40,766
	69,962	71,949
Less: accumulated amortization	(23,735)	(22,610)
	<u>\$ 46,227</u>	<u>\$ 49,339</u>

The MLPA, as amended and restated, requires a reserve fund be established from proceeds of the COPs. The reserve fund is to be used in the event the Board fails to make payment of any base rental payments or other payments and fees defined in the MLPA. At December 31, 2009 and 2008, the reserve fund was \$5,916,000 and is recorded in deferred charges. At the end of the lease term, upon satisfactory payment of all lease payments and other fees, the reserve fund and any related interest will be released to the Board.

Minimum capital lease payments were \$7,599,000 and \$7,578,000 during 2009 and 2008, respectively. The following is a schedule by year of future minimum lease payments, together with the present value of the minimum lease payments as of December 31, 2009:

<u>Obligation Under Capital Lease - Certificates of Participation</u>	
<u>As of December 31, 2009</u>	
<u>(amounts expressed in thousands)</u>	
<u>Year Ending December 31:</u>	
2010	\$ 7,582
2011	13,113
2012	2,211
2013	2,209
2014	2,212
2015-2016	4,421
Total minimum lease payments	31,748
Less interest	(3,913)
Present value of minimum lease payments (obligation under capital lease)	27,835
Less current portion	(6,205)
Total long-term	<u>\$ 21,630</u>

The COPs are also secured by collateral consisting of certain assets purchased and/or constructed under the MLPA. Two locations are subject to the MLPA, the Marston Pretreatment Facility Site, consisting of three parcels of land, and the Moffat Treatment Plant Site, consisting of four parcels of land. Leased property at the two sites includes all property permanently affixed to the sites as well as those items of movable equipment, machinery and related personal property which are necessary to the performance of the functions performed at the facility at which they are located and which remain located there for 60 days or more. The Board may remodel, substitute, modify, add to, or remove leased property at its expense, provided that the value of the leased property shall not be decreased as a result of such changes.

Wolford Mountain

On July 21, 1992, the Board entered into an agreement amending the lease agreement of March 3, 1987 with the Colorado River Water Conservation District ("District") whereby the District was required to construct Ritschard Dam and Wolford Mountain Reservoir ("Wolford") on Muddy Creek, a tributary of the Colorado River north of Kremmling, Colorado. In consideration of quarterly and semiannual lease payments for 27 years beginning after issuance of a notice of award for construction and payments of 40% of the annual operating costs of Wolford beginning after the end of the lease term, the District will convey to the Board at the end of the lease term ownership, use and control of 40% of the storage capacity of Wolford and 40% of the water right. The present value of the minimum lease payments at the beginning of the lease term, including a \$2.4 million nonrefundable deposit, was \$43 million, and the Board recorded an asset and obligation under capital lease of that amount in 1992. The project was completed in the fall of 1995. The assets under the Wolford capital lease by major asset class, recorded in Utility Plant under Capital Lease, are as follows:

<u>Assets Under Capital Lease - Wolford Mountain</u>		
<u>(amounts expressed in thousands)</u>		
	December 31,	
	2009	2008
Improvements other than buildings	\$ 42,981	\$ 42,981
Less: accumulated amortization	(7,904)	(7,344)
	<u>\$ 35,077</u>	<u>\$ 35,637</u>

Minimum capital lease payments were \$3,000,000 during both 2009 and 2008. The following is a schedule by year of future minimum lease payments, together with the present value of the minimum lease payments as of December 31, 2008:

<u>Obligation Under Capital Lease - Wolford Mountain</u>	
<u>As of December 31, 2009</u>	
<u>(amounts expressed in thousands)</u>	
<u>Year Ending December 31:</u>	
2010	3,000
2011	3,000
2012	3,000
2013	3,000
2014	3,000
2015-2019	15,000
2020	1,500
Total minimum lease payments	31,500
Less interest at 6.75%	(9,192)
Present value of minimum lease payments (obligation under capital lease)	22,308
Less current portion	(1,519)
Total long-term	<u>\$ 20,789</u>

Operating Leases

The Board is committed under various operating leases for property and equipment. Lease expenses for the years ended December 31, 2009 and 2008 were \$1,767,000 and \$1,737,000, respectively. The Board expects these leases to be replaced in the ordinary course of business with similar leases. Future lease payments should be approximately the same amount.

(8) SOUTH ADAMS COUNTY PREPAID SYSTEM DEVELOPMENT CHARGES AND DOWNSTREAM RESERVOIR PROJECT

On December 16, 1997, the Board and South Adams County Water and Sanitation District ("SACWSD") entered into a Memorandum of Understanding, and on November 30, 1998, entered into a final agreement, whereby the Board agreed to supply 4,000 acre-feet of treated water annually to SACWSD beginning on or before January 15, 2004, for which SACWSD paid system development charges ("SDCs") of \$22,920,000 in December 1997. The

agreement was contingent upon SACWSD's acquiring, developing, and conveying to the Board finished storage facilities for 8,000 acre-feet of water along the South Platte River downstream of Denver, and improvements to the Board's 56th Avenue facilities. The improvements to the 56th Avenue facilities have been made and paid for. Completion of the storage project, which consists of a North and South Reservoir Complex, is still underway. The Board and SACWSD have entered into a number of agreements since November 1998 regarding development of the Downstream Reservoir Project.

By the terms of a September 8, 2006 agreement, the Board agreed to divert South Adams' Farmer's Reservoir and Irrigation Company ("FRICO") 5K municipal water into the North Reservoir Complex. The 2006 agreement required South Adams and others to provide 10,000 acre-feet of storage to the Board. The parties jointly purchased the Lupton Lakes Project. As part of its obligations under the 2006 agreement, South Adams agreed to be responsible for an additional 4,000 acre-feet of storage to be developed in the North and South Complex. South Adams is, therefore, responsible for payment of a total blended average cost for development of the North and South Reservoir Complex of 12,000 acre-feet. The South Reservoir Complex became operational in 2009. The North Reservoir Complex is planned to be operational in 2016.

In April 2009, the parties entered into a financial reconciliation agreement which provided that SACWSD has paid approximately 75% of its share of the overall anticipated project costs of the North and South Reservoir Complex and is entitled to 3,000 out of the 4,000 acre-feet of permanent water under the agreement, which the Board began furnishing in 2009. SACWSD will be entitled to additional portions of the remaining 1,000 acre-feet of permanent water in 200 acre-foot increments per year, as payments are made as outlined in the agreement. Consequently, of the initial SDC payment of \$22,920,000, the Board recognized 75% or \$17,190,000, as being earned in 2009 and transferred that amount from Customer Advances for Construction to SDCs.

In addition to SACWSD's prepaid SDCs, conveyances of \$2.2 million were transferred during 2009 from Customer Advances for Construction to Contributions in Aid of Construction ("CIAC") for the storage facilities and improvements paid by SACWSD. \$26.0 million has been transferred from inception through December 31, 2009. Transfers are made as work is performed.

As part of the Lupton Lakes Project, pursuant to the 2006 agreement, FRICO and SACWSD made payments to the Board in the amount of \$13.6 million in 2006, which the Board recorded in Customer Advances for Construction. During 2009, that amount was transferred to CIAC. Also during 2009, they made additional payments to the Board for infrastructure at Lupton Lakes totaling \$10.4 million. The Board paid \$12.3 million for its share of the purchase price of Lupton Lakes in 2006.

(9) WASTE DISPOSAL CLOSURE AND POSTCLOSURE CARE

The Board operates a landfill at the Foothills Water Treatment Plant for disposal of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Foothills and Marston Water Treatment Plants. It also operates sludge drying ponds at Ralston Reservoir for treatment of residuals generated as a by-product of the potable water treatment process at the Moffat Water Treatment Plant. Both sites have been in operation since 1995. State and federal laws and regulations require the Board to perform certain closing functions on these disposal sites when they stop accepting waste, including placing a final cover on the Foothills landfill, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure.

Although these sites are not municipal solid waste landfills, and are outside the scope of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, ("GASB No. 18"), the Board voluntarily implemented the provisions of that statement in 2000 to meet state and federal financial assurance requirements discussed below. Prior years were not restated due to the immateriality of the amounts involved.

As required by GASB No. 18, although closure and postclosure care costs will be paid only near or after the date that the disposal sites stop accepting waste, the Board reports a portion of the Foothills closure and postclosure care costs as an operating expense and liability in each year based on landfill capacity used as of each *statement of net*

assets date. The Board reports the entire liability for closure and postclosure care costs for the Ralston sludge drying ponds since they are not “filled” like a landfill, but are reusable.

Approximately \$3.4 and \$2.6 million was reported as Waste Disposal Closure and Postclosure Care liability at December 31, 2009 and 2008, respectively, for the two sites as follows:

<u>Waste Disposal Closure and Postclosure Care Liability</u>			
<u>(amounts expressed in thousands)</u>			
	<u>Foothills</u>	<u>Ralston</u>	<u>Total</u>
<u>2009</u>			
Closure Costs	\$ 108	\$ 1,570	\$ 1,678
Postclosure Care Costs	378	1,335	1,713
	<u>\$ 486</u>	<u>\$ 2,905</u>	<u>\$ 3,391</u>
<u>2008</u>			
Closure Costs	\$ 203	\$ 1,197	\$ 1,400
Postclosure Care Costs	339	857	1,196
	<u>\$ 542</u>	<u>\$ 2,054</u>	<u>\$ 2,596</u>

These costs are based on the use of 22.5% of the active portion of the Foothills landfill at December 31, 2009 and 22% at 2008, and 100% of the Ralston drying beds for both years. The Board will recognize the remaining estimated cost of the Foothills postclosure care of \$1,300,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The remaining life of the Foothills landfill is estimated to be approximately 50 years for the active disposal area of 61.7 acres. In addition, there is expansion capability of 62 acres with an indefinite life. The Ralston drying beds have an indefinite life.

The Board is required by state and federal laws and regulations to establish financial assurance sufficient to ensure full payment of closure and postclosure care of its disposal sites by selecting one of a variety of financial mechanisms. The Board chose the “Local Government Financial Test” which includes profitability requirements, minimum general obligation bond ratings, unqualified audit opinions, and the implementation of GASB No. 18.

(10) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2009 and 2008 were as follows:

<u>Long-Term Liabilities</u>					
<u>For the Year Ended December 31, 2009</u>					
<u>(amounts expressed in thousands)</u>					
	December 31,	2009		December 31,	Due Within
	2008	Additions	Reductions	2009	
	(Current and			(Current and	
	Long-Term)			Long-Term)	
G. O. bonds payable, net	\$ 42,564		\$ (11,549)	\$ 31,015	\$ 3,080
Revenue bonds payable, net	281,185	44,000	(13,684)	311,501	21,360
Obligation under capital lease - Certificates of participation	33,805		(5,970)	27,835	6,205
Obligation under capital lease - Other	23,731		(1,423)	22,308	1,519
Customer advances for construction	46,536	20,339	(48,438)	18,437	
Accrued sick leave	7,111	4,651	(3,533)	8,229	3,278 *
Other postemployment benefits	4,857	1,728		6,585	
Waste disposal closure	2,596	851	(56)	3,391	
	<u>442,385</u>	<u>\$ 71,569</u>	<u>\$ (84,653)</u>	<u>429,301</u>	<u>\$ 35,442</u>
Less current portion	<u>(34,166)</u>			<u>(35,442)</u>	
Total long-term liabilities	<u>\$ 408,219</u>			<u>\$ 393,859</u>	

*Included in *accrued payroll, vacation and other employee benefits* in the statements of net assets.

<u>Long-Term Liabilities</u>					
<u>For the Year Ended December 31, 2008</u>					
<u>(amounts expressed in thousands)</u>					
	December 31,	2008		December 31,	Due Within
	2007	Additions	Reductions	2008	
	(Current and			(Current and	
	Long-Term)			Long-Term)	
G. O. bonds payable, net	\$ 61,451	-	\$ (18,887)	\$ 42,564	\$ 11,555
Revenue bonds payable, net	284,901	1,800	(5,516)	281,185	12,465
Obligation under capital lease - Certificates of participation	39,515	-	(5,710)	33,805	5,970
Obligation under capital lease - Other	25,061	-	(1,330)	23,731	1,422
Customer advances for construction	51,363	9,932	(14,759)	46,536	-
Accrued sick leave	6,777	2,906	(2,572)	7,111	2,754 *
Other postemployment benefits	3,591	1,266	-	4,857	-
Waste disposal closure	2,493	103	-	2,596	-
	<u>475,152</u>	<u>\$ 16,007</u>	<u>\$ (48,774)</u>	<u>442,385</u>	<u>\$ 34,166</u>
Less current portion	<u>(32,495)</u>			<u>(34,166)</u>	
Total long-term liabilities	<u>\$ 442,657</u>			<u>\$ 408,219</u>	

*Included in *accrued payroll, vacation and other employee benefits* in the statements of net assets.

(11) PENSION PLAN

Plan Description

The Board sponsors and administers a trustee, single-employer defined benefit pension plan, (the "Plan"). The Plan provides retirement benefits with limited annual cost-of-living adjustments to retired members and, if elected by the member, to his or her surviving spouse. Members of the Plan include substantially all regular and discretionary full-time and part-time employees of the Board. It also provides retirement service in the event of disability, and a \$5,000 death benefit to retirees receiving annuity payments from the plan. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board. The Plan contains provisions regarding amendments, including a provision for employee voting on amendments in specifically described situations. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to: Treasurer, MC 210, Denver Water, 1600 West 12th Avenue, Denver, CO 80204-3412.

Funding Policy

The Board's funding policy is established and may be amended by the Board, which acts as trustee of the Plan. The Plan's funding policy provides for periodic Board contributions of actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. These required contributions may vary and are not expressed in terms of fixed dollar amounts or as percentages of annual covered payroll. Plan members are not required to make contributions. The Plan provides for the Board making annual contributions based on current annual actuarial valuations, but the Board has reserved the right to suspend, reduce, or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

Annual Pension Cost and Net Pension Obligation

The Board's annual pension cost ("APC") for 2009 was \$11,872,000, equal to the Board's required contribution. The Board made actual contributions of \$14,500,000 which resulted in a prepaid pension amount of \$2,628,000.

<u>Annual Pension Cost and Net Pension Obligation (Asset)</u>	
<u>For the Year Ended December 31, 2009</u>	
<u>(amounts expressed in thousands)</u>	
Annual required contribution ("ARC")	\$ 11,872
Interest on net pension obligation	-
Adjustment to ARC	-
Annual pension cost	11,872
Contributions made	(14,500)
Increase in net pension obligation (asset)	(2,628)
Net pension obligation (asset) - beginning of year	-
Net pension obligation (asset) - end of year	<u>\$ (2,628)</u>

The pension asset is recorded in *Deferred Charges and Other Assets* in the *statements of net assets*.

Three-year trend information for the Board's pension cost and contributions is as follows:

<u>Three-Year Trend Information</u> (amounts expressed in thousands)			
<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	\$ 11,872	114.7%	-
2008	\$ 7,590	100.0%	-
2007	\$ 7,277	100.0%	-

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was 72.7% funded. The actuarial accrued liability for benefits was \$288.7 million, and the actuarial value of assets was \$209.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$78.9 million. The covered payroll (annual payroll of active employees covered by the pension plan) was \$65.7 million, and the ratio of the UAAL to the covered payroll was 120.0%.

A Schedule of Funding Progress, presented as required supplementary information below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

<u>Pension Plan Schedule of Funding Progress</u> (amounts expressed in thousands)						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
1/1/09	\$ 209,771	\$ 288,665	\$ 78,894	72.7%	\$ 65,721	120.0%
1/1/08	\$ 255,768	\$ 275,246	\$ 19,478	92.9%	\$ 60,347	32.3%
1/1/07	\$ 247,160	\$ 264,514	\$ 17,354	93.4%	\$ 58,579	29.6%

Actuarial Methods and Assumptions

The required contribution was determined as part of the January 1, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses and including an inflation component of 3.5%), (b) projected salary increases ranging from 4.0% to 11.0% per year, and (c) 3.5% per year cost-of-living adjustments. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The Plan's unfunded actuarial accrued liability is being amortized in level dollar amounts over 30 years on an open basis.

(12) OTHER RETIREMENT PLANS

The Board sponsors the Denver Water Supplemental Retirement Savings Plan (“SRSP”). The SRSP is a 401(k) defined contribution plan. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board. All regular and discretionary employees are eligible to participate in the plan. Under the terms of the plan, the Board will make a matching contribution to the SRSP’s trust fund each year in an amount equal to 100% of each participant’s elective contributions, limited to 3% of the participant’s base salary for the year. During 2009 and 2008, the Board made contributions totaling approximately \$1,648,000 and \$1,554,000, and members contributed approximately \$3,357,000 and \$3,272,000, respectively, to the SRSP.

The Board makes a deferred compensation plan available for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular and discretionary employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary, and the Board does not make any contributions.

(13) OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Board provides two types of other postemployment benefits (“OPEB”) as follows:

a. Postemployment Healthcare Benefits

The Board provides a postemployment healthcare benefit through a single-employer, defined benefit plan. The benefit is in the form of partially subsidized health care costs, until the retiree attains age 65. The benefit is provided through the Board’s self-insured health plan to employees and dependents who meet eligibility requirements of the postemployment healthcare benefit plan. The eligibility requirements include retiring under the Special Early Retirement (Rule of 75) provision of the Board’s defined benefit pension plan, taking an immediate distribution of pension benefits, and being covered as an employee or dependent under the employee healthcare plan, excluding COBRA coverage, at the time of retirement. The subsidy is separate from the Board’s defined benefit retirement plan and is not paid out of retirement plan funds. Currently, 168 retirees are receiving this benefit. The Board provides this benefit under authority of Article X, Section 10.1.6 of the City Charter, which assigns the authority to establish and amend benefit provisions to the Board.

b. Long-Term Disability

A long-term disability (“LTD”) plan is provided for each employee who attains regular status. Prior to 2007, this benefit was self-insured. Currently, there are 12 participants receiving benefits from the self-insured LTD plan. No new beneficiaries will be added under this plan; any employee who becomes disabled on or after January 1, 2007, is covered under the terms of an insured plan. There is an 84-day elimination period for LTD benefits with a benefit of 60% of pay to a maximum of \$8,000 per month. Benefit duration depends on age at disability. Benefits are payable during the first two years, regardless of age, if the disabled employee is incapable of employment at his or her own occupation earning at least the LTD benefit amount. Thereafter, benefits are payable to age 65 with a minimum of five years total for disabilities that occur after age 60, so long as the disabled employee is incapable of employment at any occupation.

Neither OPEB plan issues a separate report.

Funding Policy

The Board’s funding policy is established and may be amended by the Board. The Board is not required to establish an irrevocable trust fund to accumulate assets for payment of future OPEB benefits, and has elected not to do so for

2009. The Board is reviewing this policy and will make a determination whether or not to fund in the near future. Meanwhile, the Board has earmarked a portion of its investments in an amount equivalent to the net OPEB obligation as of December 31, 2009 and will continue to do so until the decision is made to fund. Currently, payments of OPEB benefits are made on a pay-as-you-go basis in amounts necessary to provide current benefits to recipients. For the year ended December 31, 2009, the Board contributed \$1,665,000 to the postemployment healthcare benefits plan (approximately 75% of estimated premium equivalent costs). Retirees receiving benefits contributed \$542,000, or approximately 25% of the estimated premium equivalent costs. The Board paid \$191,000 in LTD benefits.

Annual OPEB Cost and Net OPEB Obligation

The Board's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the OPEB plan, and changes in the Board's net OPEB obligation:

<u>Annual OPEB Cost and Net OPEB Obligation</u>			
<u>For the Year Ended December 31, 2009</u>			
<u>(amounts expressed in thousands)</u>			
	<u>Healthcare</u>	<u>LTD</u>	<u>Total</u>
Annual required contribution ("ARC")	\$ 3,460	\$ 74	\$ 3,534
Interest on net OPEB obligation (asset)	267	(16)	251
Adjustment to ARC	(334)	19	(315)
Annual OPEB cost (expense)	<u>3,393</u>	<u>77</u>	<u>3,470</u>
Contributions made	<u>(1,665)</u>	<u>(191)</u>	<u>(1,856)</u>
Increase in net OPEB obligation (asset)	1,728	(114)	1,614
Net OPEB obligation (asset) - beginning of year	<u>4,857</u>	<u>(282)</u>	<u>4,575</u>
Net OPEB obligation (asset) - end of year	<u>\$ 6,585</u>	<u>\$ (396)</u>	<u>\$ 6,189</u>

The LTD asset is recorded in *Deferred Charges and Other Assets* in the *statements of net assets*.

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

<u>Annual OPEB Cost and % of Required Contribution</u> (amounts expressed in thousands)				
<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Contributions Made</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 3,470	\$ 1,856	53.5%	\$ 6,189
2008	\$ 2,795	\$ 1,811	64.8%	\$ 4,575
2007	\$ 5,810	\$ 2,219	38.2%	\$ 3,591

Funded Status and Funding Progress

As of January 1, 2009 the plan was 0% funded. The actuarial accrued liability for benefits was \$29.2 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$29.2 million. The covered payroll (annual payroll of active employees covered by the OPEB plan) was \$65.7 million, and the ratio of the UAAL to the covered payroll was 44.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress, presented as required supplementary information below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The schedule of funding progress for the OPEB plan is as follows:

<u>OPEB Plan Schedule of Funding Progress</u> (amounts expressed in thousands)						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
1/1/09	\$ -	\$ 29,189	\$ 29,189	-	\$ 65,721	44.4%
1/1/08	\$ -	\$ 45,951	\$ 45,951	-	\$ 60,347	76.1%
1/1/07	\$ -	\$ 46,547	\$ 46,547	-	\$ 58,579	79.5%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in

actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation, the projected unit credit with 30-year open, level dollar amortization, actuarial cost method was used. The actuarial assumptions include a 5.5 percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on the Board’s investments, and an annual healthcare cost trend rate of 8 percent for 2009, reduced by 2 percent to an ultimate rate of 6 percent in 2010. The actuarial value of assets was not determined as the Board has not advance funded the obligation. The UAAL is being amortized as a level dollar amount over 30 years on an open basis.

(14) CAPITAL CONTRIBUTIONS

Inception-to-date and current year proceeds from contributions in aid of construction (“CIAC”) and system development charges (“SDC”) were as follows (amounts expressed in thousands):

<u>Capital Contributions</u>		
<u>For the Years Ended December 31, 2009 and 2008</u>		
<u>(amounts expressed in thousands)</u>		
	<u>CIAC</u>	<u>SDC</u>
Inception through December 31, 2007	\$ 335,809	\$ 543,867
2008 Additions	<u>21,492</u>	<u>18,499</u>
Inception through December 31, 2008	357,301	562,366
2009 Additions	<u>41,443</u>	<u>25,308</u>
Inception through December 31, 2009	<u><u>\$ 398,744</u></u>	<u><u>\$ 587,674</u></u>

(15) CONTINGENCIES

In the normal course of business, there are various outstanding legal proceedings, claims, commitments, and contingent liabilities. In the opinion of management, the ultimate disposition of these matters will not have a materially adverse effect on the Board’s financial condition.

(16) CONTRACT COMMITMENTS

Total contract commitments as of December 31, 2009 for construction and other purposes total \$156.3 million, including the remaining construction of the recycling plant.

The recycled water project is a water supply project that will result in the treatment and delivery of up to 17,500 acre-feet per year of water suitable for industrial, commercial, and irrigation uses. The first phase of the project included a 30 million gallon per day (“mgd”) treatment plant located at 56th Avenue and York Street, and distribution facilities to serve Xcel Energy and parks and schools located primarily in the north and central sections of Denver. Subsequent phases will include expansion of the treatment plant to 45 mgd and extension of the distribution facilities to Stapleton, Lowry, Rocky Mountain Arsenal, Denver International Airport and other

industrial and outside irrigation users in close proximity to the major pipelines. During 2007, Capitol Hill Reservoir and Conduits 303, 306, and 307 were completed. Montclair Pump Station, serving the Lowry and Stapleton areas, was completed in April 2008. Recycled water main extension projects were completed in 2009 to connect additional parks in the Stapleton, Montclair, and Lowry neighborhoods. The total project is currently estimated to cost \$180 million, excluding indirect costs, and is scheduled for completion in 2020. The first phase, recorded in utility plant, was completed in February 2004 at a cost of \$111.5 million, including indirect costs. The cost of subsequent phases recorded in utility plant and construction in progress as of December 31, 2009 was \$66.5 million, including indirect costs.

(17) INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

In the net assets sections of the *statements of net assets, invested in capital assets, net of related debt* is comprised of the following as of December 31, 2009 and 2008:

<u>Invested in Capital Assets, Net of Related Debt</u>		
<u>For the Years Ended December 31, 2009 and 2008</u>		
<u>(amounts expressed in thousands)</u>		
	<u>2009</u>	<u>2008</u>
Net capital assets	\$1,760,004	\$1,705,001
Unspent revenue bond proceeds	2,768	-
Construction contracts	(6,265)	(4,448)
Bonds payable, net	(342,516)	(323,749)
Obligations under capital lease	(50,143)	(57,536)
	<u>\$1,363,848</u>	<u>\$1,319,268</u>

SUPPLEMENTAL FINANCIAL INFORMATION

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009
(amounts expressed in thousands)

	Depreciation Life (Years)	Cost			Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31, 2009	
		Balance, December 31, 2008	Additions and Transfers	Sales and Retirements	Balance, December 31, 2009	Balance, December 31, 2008	Provision	Sales, Retirements and Transfers		Balance, December 31, 2009
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	\$ 524,366	\$ 54,955	\$ (1,536)	\$ 577,785	\$ 139,979	\$ 6,131	\$ (1,014)	\$ 145,096	\$ 432,689
Pumping plant	20 - 80	86,174	18,896	(203)	104,867	19,034	1,936	(145)	20,825	84,042
Water treatment plant	20 - 80	368,921	5,456	(4,673)	369,704	76,560	6,636	(2,082)	81,114	288,590
Transmission and distribution plant	30 - 80	830,307	33,053	(788)	862,572	197,874	11,200	7,146	216,220	646,352
General plant and equipment	5 - 50	116,207	30,110	(15,189)	131,128	62,981	5,966	(10,612)	58,335	72,793
Leasehold and other improvements	5 - 30	97,840	(8,137)	-	89,703	36,423	3,446	(7,477)	32,392	57,311
Land held for future use		14,249	8	-	14,257	-	-	-	-	14,257
Total utility plant in service		<u>2,038,064</u>	<u>134,341</u>	<u>(22,389)</u>	<u>2,150,016</u>	<u>532,851</u>	<u>35,315</u>	<u>(14,184)</u>	<u>553,982</u>	<u>1,596,034</u>
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	8,830	6	(98)	8,738	3,334	128	(43)	3,419	5,319
General equipment	5 - 20	19	8	-	27	19	1	-	20	7
Idle Plant	10 - 50	-	-	-	-	-	-	-	-	-
Total nonutility plant in service		<u>8,849</u>	<u>14</u>	<u>(98)</u>	<u>8,765</u>	<u>3,353</u>	<u>129</u>	<u>(43)</u>	<u>3,439</u>	<u>5,326</u>
UTILITY PLANT UNDER CAPITAL LEASE:										
Certificates of Participation	80	71,949	(1,265)	(722)	69,962	22,610	1,703	(578)	23,735	46,227
Wolford Mountain	80	42,981	-	-	42,981	7,344	559	1	7,904	35,077
Total utility plant under capital lease		<u>114,930</u>	<u>(1,265)</u>	<u>(722)</u>	<u>112,943</u>	<u>29,954</u>	<u>2,262</u>	<u>(577)</u>	<u>31,639</u>	<u>81,304</u>
CONSTRUCTION IN PROGRESS										
Total property, plant and equipment		<u>\$ 2,271,159</u>	<u>\$ 103,146</u>	<u>\$ (25,241)</u>	<u>\$ 2,349,064</u>	<u>\$ 566,158</u>	<u>\$ 37,706</u>	<u>\$ (14,804)</u>	<u>\$ 589,060</u>	<u>\$ 1,760,004</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

GENERAL OBLIGATION AND REVENUE WATER IMPROVEMENT AND REFUNDING BONDS
OUTSTANDING AT DECEMBER 31, 2009
(amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2009	Amount			Bonds Which Are Callable	
		Issued	Retired	Outstanding	Callable Amount	Initial Date Callable
<u>General Obligation Bonds</u>						
Sep 15, 1999	5.50-6.00%	\$ 14,530	\$ -	\$ 14,530	\$ 11,550	Oct 1, 2013
Sep 15, 2000	4.80-5.50%	12,700	(9,455)	3,245	955	Oct 1, 2011
Aug 15, 2001A	4.125-4.70%	11,215	(5,350)	5,865	4,310	Sep 1, 2011
Oct 1, 2002	3.25-4.50%	11,610	(4,080)	7,530	5,970	Oct 1, 2012
		<u>50,055</u>	<u>(18,885)</u>	31,170	<u>22,785</u>	
Less net discount				(155)		
Total General Obligation Bonds				<u>31,015</u>		
<u>Revenue Bonds</u>						
May 15, 2003A	2.75-5.00%	50,000	(600)	49,400	48,100	Jun 1, 2013
Sep 15, 2003B	3.75-5.00%	77,155	(23,770)	53,385	37,110	Jun 1, 2013
Nov 23, 2004	4.125-5.50%	43,655	(8,820)	34,835	7,585	Dec 1, 2014
Jul 12, 2005	3.25-5.25%	30,000	(4,155)	25,845	18,355	Dec 1, 2015
Mar 22, 2007A	3.00-5.00%	100,000	-	100,000	86,315	Dec 15, 2017
Jun 23, 2008A	0.75%	1,800	(240)	1,560	-	Not callable
June 2, 2009	4.65 - 6.15%	44,000	-	44,000	40,255	Dec 15, 2019
		<u>\$346,610</u>	<u>\$ (37,585)</u>	309,025	<u>\$237,720</u>	
Plus premium				3,066		
Less deferred amount on refunding				(590)		
Total Revenue Bonds				<u>\$ 311,501</u>		

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF GENERAL OBLIGATION BOND DEBT SERVICE REQUIREMENTS
OUTSTANDING AT DECEMBER 31, 2009

YEARS 2010 TO 2029 INCLUSIVE
(amounts expressed in thousands)

<u>Year</u>	<u>G.O. Bond Retirements (Exhibit II-C)</u>	<u>G.O. Bond Interest (Exhibit II-D)</u>	<u>Total Debt Service</u>
2010	\$ 3,080	\$ 1,548	\$ 4,628
2011	4,265	1,391	5,656
2012	1,595	1,177	2,772
2013	1,995	1,112	3,107
2014	1,735	1,023	2,758
2015	1,850	948	2,798
2016	1,540	867	2,407
2017	670	799	1,469
2018	525	772	1,297
2019	515	751	1,266
2020	190	730	920
2021	810	722	1,532
2022	850	685	1,535
2023	-	647	647
2024	-	647	647
2025	-	647	647
2026	-	647	647
2027	-	646	646
2028	-	646	646
2029	11,550	646	12,196
	31,170	17,051	48,221
Less net discount	(155)	-	(155)
	<u>\$ 31,015</u>	<u>\$ 17,051</u>	<u>\$ 48,066</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR GENERAL OBLIGATION BONDS
OUTSTANDING AT DECEMBER 31, 2009

YEARS 2010 TO 2029 INCLUSIVE
(amounts expressed in thousands)

<u>Year</u>	<u>Series 1999 Refunding</u>	<u>Series 2000 Refunding</u>	<u>Series 2001A Refunding</u>	<u>Series 2002 Refunding</u>	<u>Total</u>
2010	\$ 1,820	\$ -	\$ 760	\$ 500	\$ 3,080
2011	660	2,290	795	520	4,265
2012	-	225	830	540	1,595
2013	500	230	700	565	1,995
2014	-	245	900	590	1,735
2015	-	255	980	615	1,850
2016	-	-	900	640	1,540
2017	-	-	-	670	670
2018	-	-	-	525	525
2019	-	-	-	515	515
2020	-	-	-	190	190
2021	-	-	-	810	810
2022	-	-	-	850	850
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	-	-	-	-
2029	11,550	-	-	-	11,550
	<u>\$ 14,530</u>	<u>\$ 3,245</u>	<u>\$ 5,865</u>	<u>\$ 7,530</u>	<u>\$ 31,170</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR GENERAL OBLIGATION BONDS
OUTSTANDING AT DECEMBER 31, 2009

YEARS 2010 TO 2029 INCLUSIVE
(amounts expressed in thousands)

<u>Year</u>	<u>Series 1999 Refunding</u>	<u>Series 2000 Refunding</u>	<u>Series 2001A Refunding</u>	<u>Series 2002 Refunding</u>	<u>Total</u>
2010	\$ 820	\$ 173	\$ 259	\$ 296	\$ 1,548
2011	711	173	228	279	1,391
2012	674	47	194	262	1,177
2013	674	36	159	243	1,112
2014	647	25	128	223	1,023
2015	647	13	87	201	948
2016	647	-	42	178	867
2017	647	-	-	152	799
2018	647	-	-	125	772
2019	647	-	-	104	751
2020	647	-	-	83	730
2021	647	-	-	75	722
2022	647	-	-	38	685
2023	647	-	-	-	647
2024	647	-	-	-	647
2025	647	-	-	-	647
2026	647	-	-	-	647
2027	646	-	-	-	646
2028	646	-	-	-	646
2029	646	-	-	-	646
	<u>\$ 13,228</u>	<u>\$ 467</u>	<u>\$ 1,097</u>	<u>\$ 2,259</u>	<u>\$ 17,051</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF REVENUE BOND DEBT SERVICE REQUIREMENTS
OUTSTANDING AT DECEMBER 31, 2009

YEARS 2010 TO 2039 INCLUSIVE
(amounts expressed in thousands)

<u>Year</u>	<u>Rev. Bond Retirements (Exhibit II-F)</u>	<u>Rev. Bond Interest (Exhibit II-G)</u>	<u>Total Debt Service</u>
2010	\$ 21,360	\$ 14,660	\$ 36,020
2011	6,105	13,573	19,678
2012	14,560	13,279	27,839
2013	15,415	12,625	28,040
2014	16,500	11,956	28,456
2015	17,260	11,176	28,436
2016	18,695	10,355	29,050
2017	9,735	9,452	19,187
2018	10,320	8,984	19,304
2019	10,835	8,505	19,340
2020	13,165	7,995	21,160
2021	14,650	7,393	22,043
2022	15,335	6,704	22,039
2023	16,780	5,960	22,740
2024	8,170	5,184	13,354
2025	7,515	4,787	12,302
2026	5,495	4,412	9,907
2027	5,760	4,121	9,881
2028	6,035	3,815	9,850
2029	6,325	3,496	9,821
2030	6,635	3,161	9,796
2031	6,965	2,903	9,868
2032	7,305	2,632	9,937
2033	7,665	2,347	10,012
2034	8,040	2,049	10,089
2035	8,435	1,659	10,094
2036	8,850	1,247	10,097
2037	9,285	813	10,098
2038	2,850	359	3,209
2039	2,980	183	3,163
	<u>309,025</u>	<u>185,785</u>	<u>494,810</u>
Plus premium	3,066	-	3,066
Less deferred amount on refunding	(590)	-	(590)
	<u>\$ 311,501</u>	<u>\$ 185,785</u>	<u>\$ 497,286</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR REVENUE BONDS
OUTSTANDING AT DECEMBER 31, 2009

YEARS 2010 TO 2039 INCLUSIVE
(amounts expressed in thousands)

Year	Series 2003A Improvement	Series 2003B Improv/Ref	Series 2004 Improv/Ref	Series 2005 Improvement	Series 2007A Improvement	Series 2008A Improvement	Series 2009A Improvement	Total
2010	\$ 100	\$ 10,725	\$ 9,285	\$ 1,130	\$ -	\$ 120	\$ -	\$ 21,360
2011	200	400	4,215	1,170	-	120	-	6,105
2012	1,000	5,150	5,045	1,215	2,030	120	-	14,560
2013	1,145	8,025	2,755	1,260	2,110	120	-	15,415
2014	1,540	8,400	2,900	1,325	2,215	120	-	16,500
2015	1,550	8,825	3,050	1,390	2,325	120	-	17,260
2016	2,110	11,860	705	1,460	2,440	120	-	18,695
2017	3,570	-	735	1,530	2,565	120	1,215	9,735
2018	3,885	-	770	1,610	2,690	120	1,245	10,320
2019	4,110	-	805	1,690	2,825	120	1,285	10,835
2020	6,160	-	840	1,775	2,945	120	1,325	13,165
2021	7,355	-	875	1,860	3,070	120	1,370	14,650
2022	7,720	-	915	1,955	3,205	120	1,420	15,335
2023	8,955	-	950	2,055	3,345	-	1,475	16,780
2024	-	-	990	2,155	3,495	-	1,530	8,170
2025	-	-	-	2,265	3,655	-	1,595	7,515
2026	-	-	-	-	3,835	-	1,660	5,495
2027	-	-	-	-	4,030	-	1,730	5,760
2028	-	-	-	-	4,230	-	1,805	6,035
2029	-	-	-	-	4,440	-	1,885	6,325
2030	-	-	-	-	4,665	-	1,970	6,635
2031	-	-	-	-	4,900	-	2,065	6,965
2032	-	-	-	-	5,145	-	2,160	7,305
2033	-	-	-	-	5,400	-	2,265	7,665
2034	-	-	-	-	5,670	-	2,370	8,040
2035	-	-	-	-	5,955	-	2,480	8,435
2036	-	-	-	-	6,250	-	2,600	8,850
2037	-	-	-	-	6,565	-	2,720	9,285
2038	-	-	-	-	-	-	2,850	2,850
2039	-	-	-	-	-	-	2,980	2,980
	<u>\$ 49,400</u>	<u>\$ 53,385</u>	<u>\$ 34,835</u>	<u>\$ 25,845</u>	<u>\$ 100,000</u>	<u>\$ 1,560</u>	<u>\$ 44,000</u>	<u>\$ 309,025</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR REVENUE BONDS
OUTSTANDING AT DECEMBER 31, 2009

YEARS 2010 TO 2039 INCLUSIVE
(amounts expressed in thousands)

Year	Series 2003A Improvement	Series 2003B Improv/Ref	Series 2004 Improv/Ref	Series 2005 Improvement	Series 2007A Improvement	Series 2008A Improvement	Series 2009A Improvement	Total
2010	\$ 2,247	\$ 2,533	\$ 1,758	\$ 1,099	\$ 4,423	\$ 11	\$ 2,589	\$ 14,660
2011	2,245	1,996	1,248	1,062	4,423	10	2,589	13,573
2012	2,238	1,982	1,016	1,021	4,423	10	2,589	13,279
2013	2,188	1,775	764	979	4,321	10	2,588	12,625
2014	2,131	1,454	626	933	4,216	8	2,588	11,956
2015	2,077	1,034	481	884	4,105	7	2,588	11,176
2016	2,023	593	328	828	3,989	6	2,588	10,355
2017	1,939	-	299	754	3,867	5	2,588	9,452
2018	1,769	-	265	674	3,739	5	2,532	8,984
2019	1,585	-	231	610	3,604	4	2,471	8,505
2020	1,389	-	195	538	3,463	3	2,407	7,995
2021	1,097	-	157	462	3,338	2	2,337	7,393
2022	747	-	121	389	3,184	1	2,262	6,704
2023	381	-	83	291	3,023	-	2,182	5,960
2024	-	-	42	188	2,857	-	2,097	5,184
2025	-	-	-	96	2,682	-	2,009	4,787
2026	-	-	-	-	2,499	-	1,913	4,412
2027	-	-	-	-	2,308	-	1,813	4,121
2028	-	-	-	-	2,106	-	1,709	3,815
2029	-	-	-	-	1,895	-	1,601	3,496
2030	-	-	-	-	1,673	-	1,488	3,161
2031	-	-	-	-	1,533	-	1,370	2,903
2032	-	-	-	-	1,386	-	1,246	2,632
2033	-	-	-	-	1,231	-	1,116	2,347
2034	-	-	-	-	1,069	-	980	2,049
2035	-	-	-	-	821	-	838	1,659
2036	-	-	-	-	561	-	686	1,247
2037	-	-	-	-	287	-	526	813
2038	-	-	-	-	-	-	359	359
2039	-	-	-	-	-	-	183	183
	<u>\$ 24,056</u>	<u>\$ 11,367</u>	<u>\$ 7,614</u>	<u>\$ 10,808</u>	<u>\$ 77,026</u>	<u>\$ 82</u>	<u>\$ 54,832</u>	<u>\$ 185,785</u>

STATISTICAL SECTION

This part of Denver Water's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Denver Water's overall financial health.

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Sources : *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year or internal Denver Water operating groups.*

Rounding : *Some columns in the statistical section are totaled according to the precision of the numbers entered rather than the way they are displayed, and may not appear to total correctly.*

STATISTICAL SUMMARY: 2000 - 2009

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Population served ¹	1,173,000	1,154,000	1,143,000	1,124,000	1,115,000	1,104,000	1,081,000	1,076,000	1,052,000	1,036,000
Total treated water consumption (million gallons) ²	62,106.90	71,975.87	70,479.84	74,724.98	68,473.70	60,578.77	65,399.47	75,221.18	81,054.72	83,585.25
Average daily consumption (million gallons)	170.16	196.66	193.10	204.73	187.60	165.52	179.18	206.09	222.07	228.38
Average daily consumption per capita (gallons)	145	170	169	182	168	150	166	192	211	220
Maximum daily consumption (million gallons)	341.80	426.16	425.70	425.68	424.80	340.92	370.05	419.20	488.71	478.19
Maximum hour treated water use rate (million gallons per day)	516.90	670.00	660.00	671.04	725.27	567.52	775.23	788.09	716.86	751.47
Treated water pumped (million gallons)	38,198.90	50,283.70	44,684.79	44,937.60	41,890.71	39,105.07	46,030.79	51,205.33	54,161.28	47,953.92
Raw water storage capacity (acre-feet) ³	561,883	561,883	561,883	561,883	561,883	561,883	561,883	561,883	561,883	545,476
Replacement reservoir storage capacity (acre-feet)	122,432	122,432	122,432	122,432	122,432	122,432	122,432	122,432	122,432	96,822
Supply from South Platte River (acre-feet) ⁴	138,791	122,255	168,554	113,868	154,750	119,978	144,982	58,856	129,926	133,912
Supply from Blue River/Roberts Tunnel system (acre-feet)	58,468	80,056	65,682	127,074	94,470	75,984	164,294	56,848	102,282	102,750
Supply from Moffat system (acre-feet)	79,636	88,842	85,444	83,022	63,872	59,344	84,072	33,116	71,296	59,811
Treated water pumping capacity (mgd)	1,095.9	1,097.4	1,097.4	1,096.3	1,096.3	1,077.1	1,077.1	1,070.6	1,052.5	1,052.5
Raw water pumping capacity (mgd)	112.2	112.2	112.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2
Treatment plant capacity (mgd)	715.0	715.0	715.0	715.0	715.0	715.0	715.0	645.0	645.0	645.0
Treated water reservoir capacity (million gallons)	371.65	368.65	368.65	368.65	368.65	376.65	376.65	406.45	378.45	378.75
Raw water supply mains in miles (mountain collection system)	77.5	77.5	77.6	77.5	77.5	77.6	77.6	77.6	77.6	77.6
Raw water supply mains in miles (metropolitan Denver area)	46.0	40.7	40.7	40.7	40.7	40.7	40.7	40.7	40.7	40.7
Transmission & distribution mains (miles) - Inside City										
and Outside City Total Service Contract distributors	2,954	2,681	2,657	2,645	2,631	2,608	2,574	2,552	2,508	2,474
Recycled water transmission & distribution mains (miles)	35.3	36.5	36.5	32.6	31.3	31.3	23.5	17.6	17.3	17.3
Total active taps - end of year	310,068	309,373	308,079	306,901	304,483	301,565	299,157	295,841	286,051	282,985
Fire hydrants operated & maintained	19,159	19,185	15,767	15,679	15,459	14,956	14,648	14,380	14,173	13,991
Fire hydrants tested and repaired	18,472	25,577	27,940	30,739	32,474	32,045	32,407	26,047	29,604	23,875
Breaks in mains - Denver	220	274	247	198	242	219	231	287	261	243
Service leaks	329	318	879	1,043	1,452	1,204	1,117	1,034	794	907
Total employees (actual, not authorized)	1,095.1	1,055.0	1,010.2	1,004.8	1,012.7	1,037.9	1,041.9	1,036.0	1,026.0	1,005.5
Additions to capital assets (thousands)	\$ 103,146	\$ 101,328	\$ 103,779	\$ 102,458	\$ 81,877	\$ 71,669	\$ 164,363	\$ 128,479	\$ 104,721	\$ 87,493
Total long-term debt ⁵ (thousands)	\$ 392,659	\$ 381,285	\$ 410,928	\$ 346,114	\$ 375,917	\$ 372,876	\$ 379,478	\$ 300,695	\$ 308,879	\$ 289,681

¹Population estimated based on treated water customers only.

²Denver Water has three water treatment facilities. See page III-76, "Water Treated Monthly." Total treated water consumption includes both sales of treated water as well as unaccounted-for water. See page III-21 "Sales of Treated Water Between Denver and Outside City."

³Denver Water has 12 raw water reservoirs. See page III-60, "Source of Supply - Reservoirs and Collection Systems."

⁴Supply includes effluent exchanges.

⁵Long-term debt consists of current and long-term portions of bonds payable and obligations under capital lease, net of discounts, premiums and deferred amounts on advance refundings.

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A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how Denver Water's financial performance and well-being have changed over time.

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NET ASSETS BY COMPONENT: 2000 - 2009
(amounts expressed in thousands)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
NET ASSETS:										
Invested in capital assets, net of related debt	\$1,363,848	\$1,319,268	\$1,227,499	\$1,236,642	\$1,151,459	\$1,109,875	\$1,060,192	\$1,006,694	\$ 903,483	\$ 849,997
Restricted for debt service reserve funds	13,233	9,005	7,661	7,021	7,723	7,002	9,325	6,904	6,917	5,692
Unrestricted	174,279	178,243	199,493	125,988	134,323	122,579	122,727	119,522	153,581	129,443
Total net assets	\$1,551,360	\$1,506,516	\$1,434,653	\$1,369,651	\$1,293,505	\$1,239,456	\$1,192,244	\$1,133,120	\$1,063,981	\$ 985,132

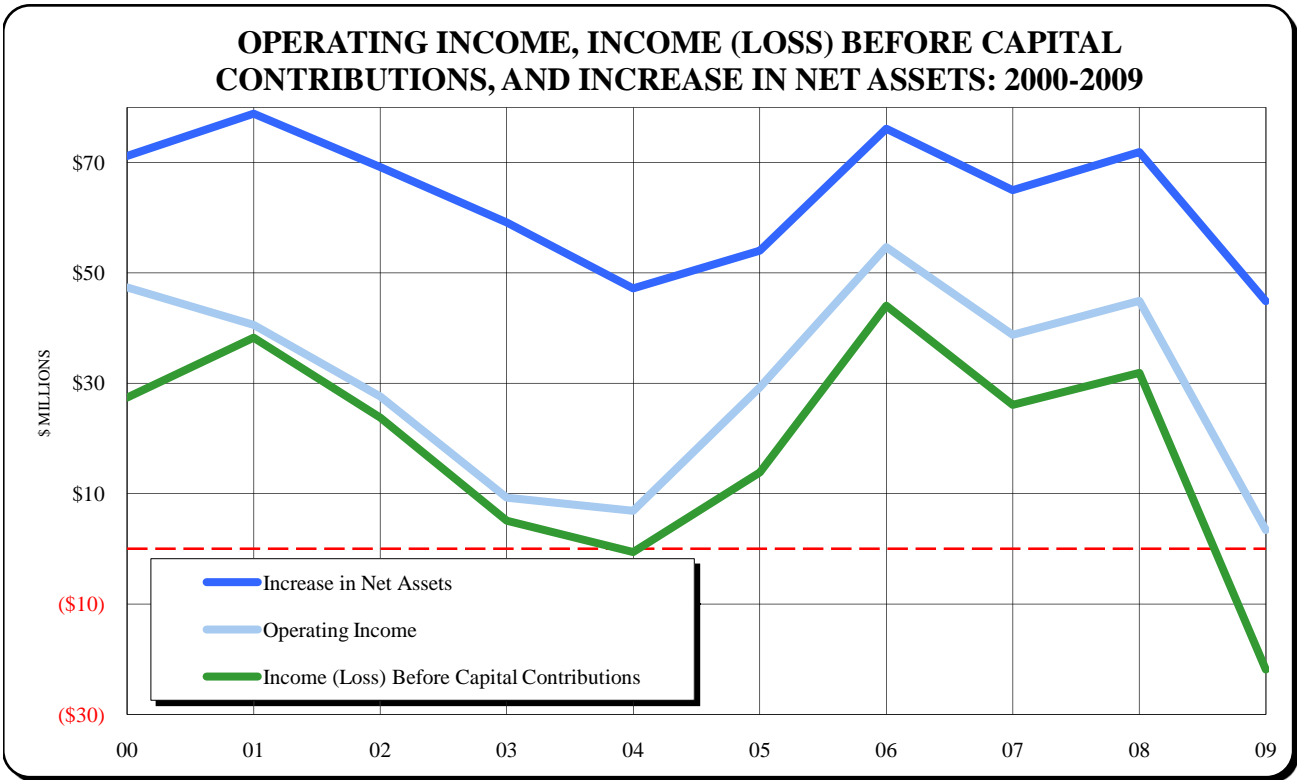
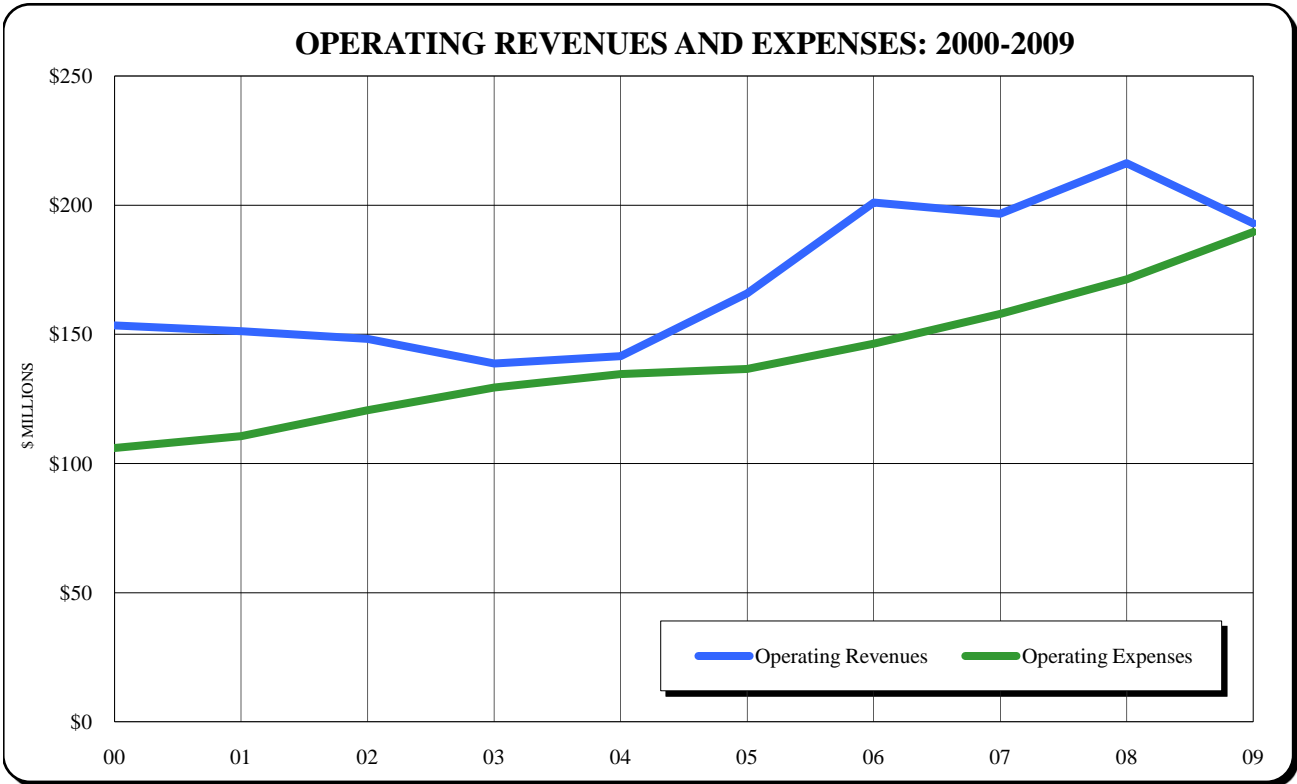
¹Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when constraints placed on net asset use are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

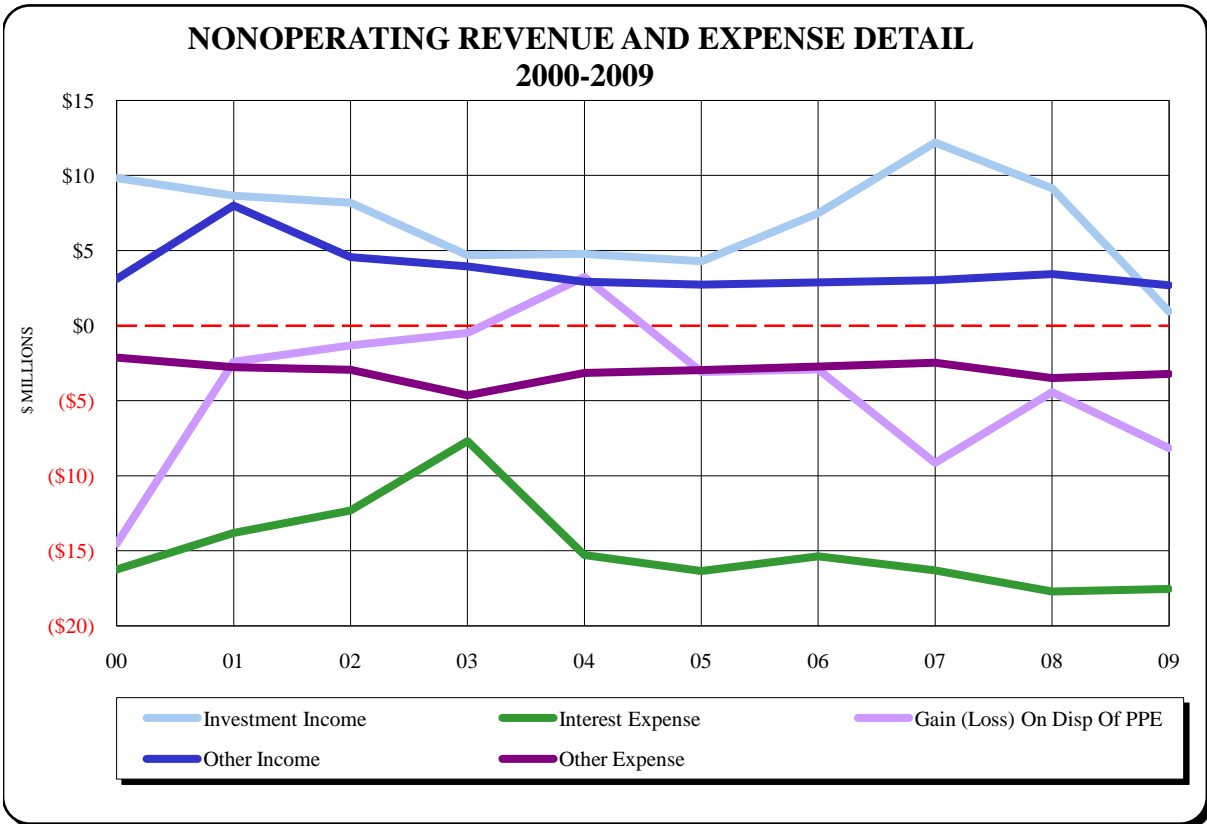
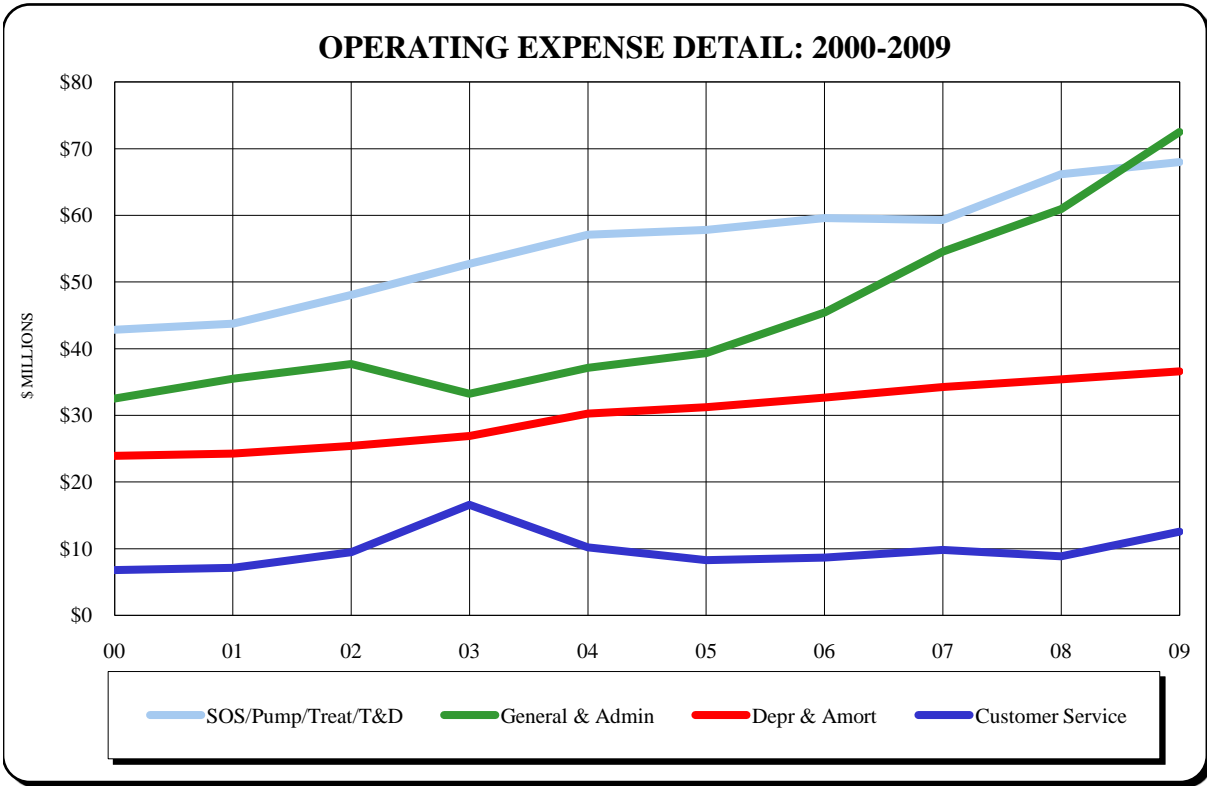
²The above data was extracted from the audited financial statements of the Board of Water Commissioners.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS¹: 2000 - 2009
(amounts expressed in thousands)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
OPERATING REVENUES:										
Water	\$ 184,396	\$ 205,941	\$ 188,729	\$ 193,743	\$ 158,454	\$ 136,138	\$ 133,475	\$ 142,887	\$ 145,565	\$ 148,919
Power generation and other	8,634	10,321	7,913	7,315	7,425	5,370	5,234	5,375	5,633	4,510
Total operating revenues	193,030	216,262	196,642	201,058	165,879	141,508	138,709	148,262	151,198	153,429
OPERATING EXPENSES:										
Source of supply, pumping, treatment and distribution	67,993	66,176	59,321	59,607	57,797	57,091	52,735	48,089	43,756	42,857
General and administrative	72,487	60,955	54,545	45,439	39,312	37,104	33,240	37,691	35,500	32,499
Customer service	12,561	8,831	9,787	8,669	8,290	10,174	16,601	9,459	7,115	6,798
Depreciation and amortization	36,582	35,382	34,238	32,656	31,232	30,268	26,889	25,431	24,247	23,912
Total operating expenses	189,623	171,344	157,891	146,371	136,631	134,637	129,465	120,670	110,618	106,066
OPERATING INCOME	3,407	44,918	38,751	54,687	29,248	6,871	9,244	27,592	40,580	47,363
NONOPERATING REVENUES (EXPENSES):										
Investment income	948	9,141	12,201	7,491	4,295	4,777	4,700	8,184	8,665	9,838
Interest expense, less capitalized interest	(17,547)	(17,699)	(16,305)	(15,368)	(16,353)	(15,283)	(7,684)	(12,315)	(13,811)	(16,249)
Gain (loss) on disposition of capital assets	(8,168)	(4,426)	(9,144)	(2,922)	(3,097)	3,237	(481)	(1,314)	(2,410)	(14,511)
Other income	2,679	3,426	3,037	2,883	2,734	2,927	3,949	4,565	8,003	3,117
Other expense	(3,226)	(3,488)	(2,472)	(2,721)	(2,969)	(3,152)	(4,641)	(2,938)	(2,770)	(2,122)
Total nonoperating expenses, net	(25,314)	(13,046)	(12,683)	(10,637)	(15,390)	(7,494)	(4,157)	(3,818)	(2,323)	(19,927)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(21,907)	31,872	26,068	44,050	13,858	(623)	5,087	23,774	38,257	27,436
CAPITAL CONTRIBUTIONS:										
Contributions in aid of construction	41,443	21,492	12,911	11,245	14,072	11,374	33,469	9,690	18,172	18,511
System development charges	25,308	18,499	26,023	20,851	26,119	36,461	20,568	35,675	22,420	25,257
Total capital contributions	66,751	39,991	38,934	32,096	40,191	47,835	54,037	45,365	40,592	43,768
INCREASE IN NET ASSETS	44,844	71,863	65,002	76,146	54,049	47,212	59,124	69,139	78,849	71,204
NET ASSETS:										
Beginning of year	1,506,516	1,434,653	1,369,651	1,293,505	1,239,456	1,192,244	1,133,120	1,063,981	985,132	913,928
End of year	\$ 1,551,360	\$ 1,506,516	\$ 1,434,653	\$ 1,369,651	\$ 1,293,505	\$ 1,239,456	\$ 1,192,244	\$ 1,133,120	\$ 1,063,981	\$ 985,132

¹The above data was extracted from the audited financial statements of the Board of Water Commissioners.



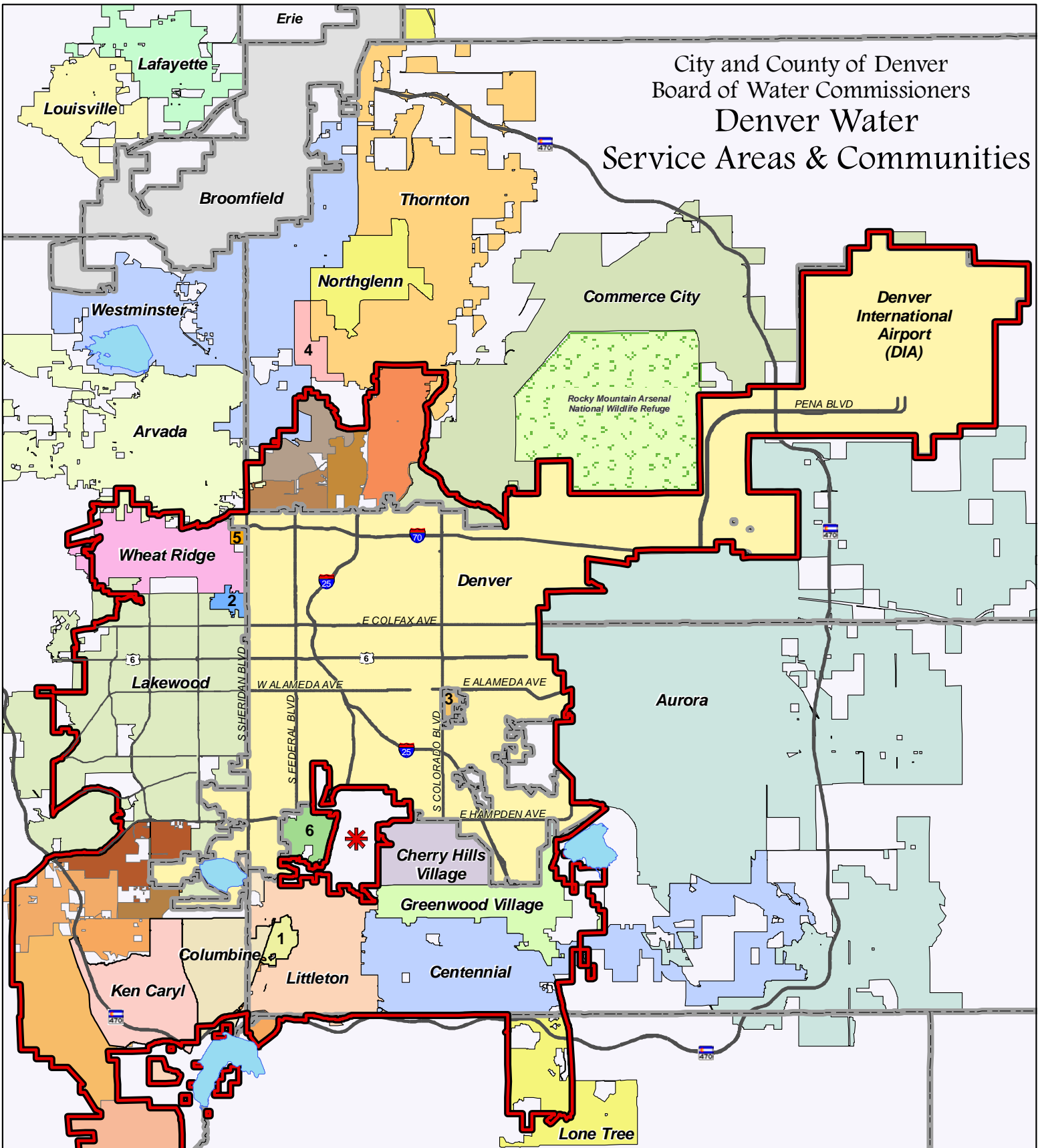


B - REVENUE CAPACITY INFORMATION

*These schedules contain information to help the reader assess
Denver Water's primary revenue sources.*

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City and County of Denver
 Board of Water Commissioners
Denver Water
 Service Areas & Communities



Legend

Smaller Communities			
1 Columbine Valley	4 Federal Heights	Combined Service Area 2008 County Boundaries Lakes	
2 Edgewater	5 Lakeside		
3 Glendale	6 Sheridan		
Englewood - Not part of the Denver Water Service Area			
0	2		4
6	8		Miles

Map Date: January, 2010

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CUSTOMER SERVICE DATA: 2000 - 2009

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Active Taps:¹										
Beginning of Year	309,373	308,079	306,901	304,483	301,565	299,157	295,841	286,051	282,985	278,374
Activated During Year	979	1,919	1,826	2,900	3,099	2,736	3,510	10,053 ⁵	3,273	4,871
Discontinued During Year	(284)	(625)	(648)	(482)	(181)	(328)	(194)	(263)	(207)	(260)
Net Increase During Year	695	1,294	1,178	2,418	2,918	2,408	3,316	9,790	3,066	4,611
Total Active Taps - End of Year	310,068	309,373	308,079	306,901	304,483	301,565	299,157	295,841	286,051	282,985
Active Taps:¹										
Inside City	161,611	158,448	157,707	157,124	155,778	154,170	152,783	150,607	149,054	147,590
City and County	1,272	1,226	1,212	1,222	1,206	1,084	1,076	1,065	1,071	1,058
Outside City - Read and Bill	35,760	36,420	36,278	36,043	35,558	35,043	34,694	34,425	36,955	36,760
Outside City - Total Service	36,140	36,230	36,112	35,960	35,793	35,639	35,502	35,209	31,974	31,442
Outside City - Master Meter	75,285	77,049	76,770	76,552	76,148	75,629	75,102	74,535	66,997	66,135
Total Active Taps - End of Year	310,068	309,373	308,079	306,901	304,483	301,565	299,157	295,841	286,051	282,985
Stub-Ins on System ²	275	801	1,408	1,936	1,926	2,887	3,023	2,553	2,992	2,389
Fire Hydrant Use Permits	485	518	546	518	488	472	473	830	456	680
AMR (Automatic Meter Reading) Installations	742	137	85	10,594	9,855	54,085	71,737	56,499	30,359	298
Turn-Offs Due to Delinquent Accounts	8,913	13,284	12,747	12,895	11,529	14,684	12,776	11,586	10,293	9,045
In-Home Water Audits	349	383	169	56	81	89	12	60	98	1,155
Call Center Calls ³	229,979	237,047	215,457	198,620	212,114	253,716	302,488	281,339	193,395	173,016
Water Quality Calls:										
Taste and Odor	194	161	180	161	87	66	90	125	78	220
Dirty Water	356	205	221	222	90	221	166	15	75	75
Illness Concerns	56	48	50	-	-	-	-	-	-	-
Other	63	50	40	88	24	22	14	135	80	9
New Taps Made	679	1,743	1,901	3,199	2,991	3,537	4,178	3,572	3,869	3,834

¹An active tap is defined as a metered connection to the distribution main that has had all fees paid, and is either currently using water, or has used water at any time during the last five consecutive years.

Does not include taps sold to raw water customers.

²A stub-in is a connections made solely to extend the service line from the main to the valve at the property line prior to the paving of the street and is not considered a tap.

³Call Center Calls include calls offered, plus calls handled through the Interactive Voice Response (IVR).

⁴A new customer information system was implemented during 2009 and data produced from that system may not be strictly comparable to prior years.

⁵Increase of 6,820 taps for Master Meter accounts within Willows Water District in 2002.

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2009
(NON-ACCRUAL BASIS)¹

(Page 1 of 2)

		Revenue	Gallons Sold (000)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential -	Inside City	\$34,775,888	12,075,102	130,460	\$ 2.8800
	Outside City-Read and Bill	13,016,488	4,114,005	32,906	3.1639
	Outside City-Total Service	17,921,389	4,388,923	32,190	4.0833
Residential Irrigation -	Inside City	706,791	190,264	484	3.7148
	Outside City-Read and Bill	608,736	139,916	169	4.3507
	Outside City-Total Service	467,450	94,358	158	4.9540
Small multi-family-	Inside City	3,657,023	1,437,136	9,192	2.5447
	Outside City-Read and Bill	331,013	114,740	500	2.8849
	Outside City-Total Service	551,504	149,255	623	3.6950
Commercial -	Inside City	29,121,188	12,069,634	14,625	2.4128
	Outside City-Read and Bill	8,163,488	2,390,356	2,444	3.4152
	Outside City-Total Service	8,039,900	2,160,037	2,735	3.7221
Industrial -	Inside City	2,896,054	1,286,307	264	2.2514
	Outside City-Read and Bill	2,015,892	696,547	7	2.8941
	Outside City-Total Service	120,180	33,022	9	3.6394
Other Irrigation-	Inside City	1,815,181	574,776	685	3.1581
	Outside City-Read and Bill	1,181,979	300,627	233	3.9317
	Outside City-Total Service	1,697,067	391,178	401	4.3384
		<u>127,087,211</u>	<u>42,606,183</u>	<u>228,085</u>	<u>2.9828</u>
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers -	Inside City	924,379	-	²	
	Outside City-Read and Bill	52,335	-	²	
	Outside City-Total Service	71,017	-	²	
		<u>1,047,731</u>	<u>-</u>	<u>-</u>	²
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver	Irrigation	2,440,481	1,036,056	950	2.3555
	Non-Irrigation	1,771,774	888,372	405	1.9944
Other County Agencies -	Inside City	950,357	358,456	162	2.6513
	Outside City-Read and Bill	458,388	135,817	49	3.3750
	Outside City-Total Service	674,049	166,629	77	4.0452
State Agencies -	Denver	351,941	147,880	52	2.3799
	Outside City-Read and Bill	34,898	9,857	4	3.5404
	Outside City-Total Service	4,368	1,177	3	3.7107
Federal Agencies -	Denver	357,249	55,456	9	6.4420
	Outside City-RB at Denver Rates	35,376	195,924	2	0.1806
	Outside City-Read and Bill	118,080	38,949	3	3.0316
	Outside City-Total Service	1,677	443	2	3.7865
		<u>\$ 7,198,638</u>	<u>3,035,016</u>	<u>1,718</u>	<u>\$ 2.3719</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Net Assets. The difference from amounts on an accrual basis is immaterial.

²Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water. See "Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

OPERATING REVENUE AND RELATED WATER CONSUMPTION (Continued) - 2009 (Page 2 of 2)
(NON-ACCRUAL BASIS)

	Revenue	Gallons Sold (000)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER (Continued)				
D. SALES OF TREATED WATER FOR RESALE³				
Outside City - Master Meter	\$ 38,192,266	12,824,666	75,285	\$ 2.9780
Outside the Combined Service Area	8,953,549	2,902,470	-	3.0848
	<u>47,145,815</u>	<u>15,727,136</u>	<u>75,285</u>	<u>2.9977</u>
TOTAL SALES OF TREATED WATER⁴	<u>182,479,395</u>	<u>61,368,335</u>	<u>305,088</u>	<u>2.9735</u>
II. SALES OF NONPOTABLE WATER⁵				
Inside City	435,142	979,745	29	0.4441
Outside City	549,418	265,851	14	2.0666
Outside the Combined Service Area	4,601,978	5,578,144	15	0.8257
	<u>5,586,538</u>	<u>6,823,740</u>	<u>58</u>	<u>0.8187</u>
TOTAL SALES OF WATER	<u>188,065,933</u>	<u>68,192,075</u>	<u>305,146</u>	<u>\$ 2.7579</u>
III. OTHER NONPOTABLE WATER DELIVERIES⁵		<u>2,429,140</u>		
TOTAL GALLONS SOLD		<u>70,621,215</u>		
IV. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE				
Foothills Treatment Plant	429,707			
Strontia Springs	314,708			
Dillon Dam	614,401			
Roberts Tunnel	1,004,198			
Hillcrest	493,833			
Williams Fork	628,627			
Gross Reservoir	1,463,867			
	<u>4,949,341</u>			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	990,817			
Conservation Penalties	130,906			
Field Collection Charges	574,571			
Turnoff - Turn on Charges	733,323			
Hydrant & Construction Water	1,169,627			
Drought Surcharge Credits	-			
Water Storage Rental	-			
Other Assessments	85,558			
	<u>3,684,802</u>			
TOTAL OTHER OPERATING REVENUE	<u>8,634,143</u>			
TOTAL OPERATING REVENUE	<u>\$196,700,076</u>			

³See "Sales of Treated Water for Resale."

⁴See "Sales of Treated Water Between Denver and Outside City."

⁵See "Sales of Nonpotable Water Between Denver and Outside City."

⁶Power Sales Revenue represents actual billings made for power during the year. No accruals were made for unbilled revenue. Therefore, amounts on this schedule do not agree with amounts on other schedules which report the value of power produced.

SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2009
(NON-ACCRUAL BASIS)¹

(Page 1 of 2)

	Revenue		Gallons Sold		Average Number of Customers
	Amount	Percent of Total	Amount (000)	Percent of Total	
I. INSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential	\$ 34,775,888	19.06%	12,075,102	19.68%	130,460
Residential Irrigation	706,791	0.39%	190,264	0.31%	484
Duplex	1,927,473	1.06%	735,801	1.20%	5,757
3-Plex	561,824	0.31%	221,950	0.36%	1,376
4-Plex	798,849	0.44%	326,703	0.53%	1,494
5-Plex	368,877	0.20%	152,682	0.25%	565
Commercial	29,121,188	15.96%	12,069,634	19.67%	14,625
Industrial	2,896,054	1.59%	1,286,307	2.10%	264
Other Irrigation	1,815,181	0.99%	574,776	0.94%	685
	<u>72,972,125</u>	<u>40.00%</u>	<u>27,633,219</u>	<u>45.04%</u>	<u>155,710</u>
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	924,379	0.51%	- ²		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver-Irrigation	2,440,481	1.34%	1,036,056	1.69%	950
City And County of Denver-Non-Irrigation	1,771,774	0.97%	888,372	1.45%	405
Other County Agencies	950,357	0.52%	358,456	0.58%	162
State Agencies	351,941	0.19%	147,880	0.24%	52
Federal Agencies	357,249	0.20%	55,456	0.09%	9
	<u>5,871,802</u>	<u>3.22%</u>	<u>2,486,220</u>	<u>4.05%</u>	<u>1,578</u>
TOTAL SALES OF TREATED WATER - DENVER					
	<u>79,768,306</u>	<u>43.71%</u>	<u>30,119,439</u>	<u>49.08%</u>	<u>157,288</u>
Revenue per 1,000 Gallons - Denver			<u>\$ 2.6484</u>		
II. OUTSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential - Read & Bill	13,016,488	7.13%	4,114,005	6.70%	32,906
Residential Irrigation - Read & Bill	608,736	0.33%	139,916	0.23%	169
Duplex - Read & Bill	72,578	0.04%	24,424	0.04%	139
3-Plex - Read & Bill	63,160	0.03%	21,468	0.03%	112
4-Plex - Read & Bill	174,148	0.10%	61,340	0.10%	223
5-Plex - Read & Bill	21,127	0.01%	7,508	0.01%	26
Commercial - Read & Bill	8,163,488	4.47%	2,390,356	3.90%	2,444
Industrial - Read & Bill	2,015,892	1.10%	696,547	1.14%	7
Other Irrigation -Read & Bill	1,181,979	0.65%	300,627	0.49%	233
Residential - Total Service	17,921,389	9.82%	4,388,923	7.15%	32,190
Residential Irrigation - Total Service	467,450	0.26%	94,358	0.15%	158
Duplex - Total Service	157,950	0.09%	41,764	0.07%	261
3-Plex - Total Service	91,798	0.05%	24,771	0.04%	103
4-Plex - Total Service	234,271	0.13%	63,801	0.10%	194
5-Plex - Total Service	67,485	0.04%	18,919	0.03%	65
Commercial - Total Service	8,039,900	4.41%	2,160,037	3.52%	2,735
Industrial - Total Service	120,180	0.07%	33,022	0.05%	9
Other Irrigation - Total Service	1,697,067	0.93%	391,178	0.64%	401
	<u>\$ 54,115,086</u>	<u>29.66%</u>	<u>14,972,964</u>	<u>24.39%</u>	<u>72,375</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses, and Changes in Net Assets. The difference from amounts on an accrual basis is immaterial.

² Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water.

(Continued next page)

SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2009
(NON-ACCRUAL BASIS)

(Page 2 of 2)

	Revenue		Gallons Sold		Average Number of Customers
	Amount	Percent of Total	Amount (000)	Percent of Total	
II. OUTSIDE CITY (Continued)					
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	\$ 52,335	0.03%	-		²
Sprinklers - Total Service	71,017	0.04%	-		²
	<u>123,352</u>	<u>0.07%</u>	<u>-</u>		²
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies - Read & Bill	458,388	0.25%	135,817	0.22%	49
State Agencies - Read & Bill	34,898	0.02%	9,857	0.02%	4
Federal Agencies - Read & Bill	118,080	0.06%	38,949	0.06%	3
Federal Agencies at Denver Rates	35,376	0.02%	195,924	0.32%	2
County Agencies - Total Service	674,049	0.37%	166,629	0.27%	77
State Agencies - Total Service	4,368	0.00%	1,177	0.00%	3
Federal Agencies - Total Service	1,677	0.00%	443	0.00%	2
	<u>1,326,836</u>	<u>0.72%</u>	<u>548,796</u>	<u>0.89%</u>	<u>140</u>
D. SALES OF TREATED WATER FOR RESALE³					
Master Meter Distributors	38,192,266	20.93%	12,824,666	20.90%	75,285
Outside CSA-Fixed Limit Contracts	8,953,549	4.91%	2,902,470	4.73%	-
	<u>47,145,815</u>	<u>25.84%</u>	<u>15,727,136</u>	<u>25.63%</u>	<u>75,285</u>
TOTAL SALES OF TREATED WATER - OUTSIDE CITY					
	<u>102,711,089</u>	<u>56.29%</u>	<u>31,248,896</u>	<u>50.92%</u>	<u>147,800</u>
Revenue per 1,000 Gallons - Outside City			\$3.2869		
TOTAL SALES OF TREATED WATER					
	<u>\$ 182,479,395</u>	<u>100.00%</u>	<u>61,368,335</u>	<u>100.00%</u>	<u>305,088</u>
Revenue per 1,000 Gallons - Total			<u>\$2.9735</u>		
RECONCILIATION/CALCULATION OF UNACCOUNTED FOR WATER					
Total Water Treated (Production) - Page III-76			62,089,800		
(Increase) Decrease in Clear Water Storage - Page III-76			<u>17,100</u>		
Treated Water Delivered - page III-76			62,106,900		
Water Purchased			<u>-</u>		
Total Treated Water Available (Consumption) - Page III-75			62,106,900	100.00%	
Less Sales of Treated Water			<u>(61,368,335)</u>	98.81%	
Less Load Shifted Treated Water			<u>-</u>	0.00%	
Unaccounted for Treated Water ³			<u>738,565</u>	<u>1.19%</u>	

² Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water.

³See "Sales of Treated Water For Resale."

SALES OF NONPOTABLE WATER BETWEEN DENVER AND OUTSIDE CITY - 2009
(NON-ACCRUAL BASIS)¹

	Revenue		Gallons Sold		Number of Customers ³	Revenue
	Amount	Percent of Total	Amount (000)	Percent of Total		Per 1,000 Gallons
I. DENVER						
Raw Water Sales						
City & County of Denver Agencies	\$ 39,312	0.70%	191,463	2.81%	1	\$ 0.2053
Xcel Energy	118,953	2.13%	258,092	3.78%	1	0.4609
All Other	26,359	0.47%	31,435	0.46%	3	0.8385
	<u>184,624</u>	<u>3.30%</u>	<u>480,991</u>	<u>7.05%</u>	<u>5</u>	<u>0.3838</u>
Effluent Sales						
City & County of Denver Agencies	1,536	0.03%	7,987	0.12%	1	0.1923
Xcel Energy	67,907	1.22%	144,489	2.12%	1	0.4700
All Other	5,004	0.09%	11,828	0.17%	2	0.4231
	<u>74,446</u>	<u>1.33%</u>	<u>164,303</u>	<u>2.41%</u>	<u>4</u>	<u>0.4531</u>
Recycle Sales						
City & County of Denver Agencies	41,998	0.75%	158,205	2.32%	8	0.2655
All Other	122,661	2.20%	137,174	2.01%	8	0.8942
	<u>164,659</u>	<u>2.95%</u>	<u>295,379</u>	<u>4.33%</u>	<u>16</u>	<u>0.5574</u>
Minimum Contract Payments ² - All Other	11,413	0.20%	39,072	0.57%	4	0.2921
Total Denver	<u>435,142</u>	<u>7.79%</u>	<u>979,745</u>	<u>14.36%</u>	<u>29</u>	<u>0.4441</u>
II. OUTSIDE CITY, WITHIN COMBINED SERVICE AREA						
Raw Water Sales - All Other	125,014	2.24%	254,869	3.74%	6	0.4905
Effluent Sales - All Other	2,012	0.04%	2,600	0.04%	2	0.7739
Recycle Sales - Xcel Energy	-	0.00%	-	0.00%	-	-
Minimum Contract Payments ² - All Other	422,392	7.56%	8,382	0.12%	6	50.3957
Total Outside City, Within Combined Service Area	<u>549,418</u>	<u>9.83%</u>	<u>265,851</u>	<u>3.90%</u>	<u>14</u>	<u>2.0666</u>
III. OUTSIDE COMBINED SERVICE AREA						
Raw Water for Resale						
City of Arvada	2,823,457	50.54%	3,389,699	49.68%	1	0.8330
North Table Mountain	507,627	9.09%	695,380	10.19%	1	0.7300
	<u>3,331,084</u>	<u>59.63%</u>	<u>4,085,079</u>	<u>59.87%</u>	<u>2</u>	<u>0.8154</u>
Raw Water Sales						
Centennial Water & Sanitation District	237,882	4.26%	280,470	4.11%	1	0.8482
Consolidated Mutual Water	94,797	1.70%	111,767	1.64%	1	0.8482
All Other	166,117	2.97%	234,547	3.44%	7	0.7082
	<u>498,797</u>	<u>8.93%</u>	<u>626,784</u>	<u>9.19%</u>	<u>9</u>	<u>0.7958</u>
Effluent Sales - All Other	(9,290)	-0.17%	(6,680)	-0.10%	2	1.3908
Recycle Sales - Xcel Energy	758,099	13.57%	842,270	12.34%	1	0.9001
Minimum Contract Payments ² - All Other	23,288	0.42%	30,691	0.45%	1	0.7588
Total Outside Combined Service Area	<u>4,601,978</u>	<u>82.38%</u>	<u>5,578,144</u>	<u>81.75%</u>	<u>15</u>	<u>0.8250</u>
TOTAL SALES OF NONPOTABLE WATER	<u>\$ 5,586,538</u>	<u>100.00%</u>	<u>6,823,740</u>	<u>100.00%</u>	<u>58</u>	<u>0.8187</u>
IV. OTHER NONPOTABLE WATER DELIVERIES						
City Ditch at Washington Park			1,776,744			
City of Englewood (Cabin-Meadow Exchange)			652,396			
Total Other Nonpotable Water Deliveries			<u>2,429,140</u>			
TOTAL NONPOTABLE WATER DELIVERIES			<u>9,252,880</u>			

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. The difference from amounts on an accrual basis is immaterial.

²The minimum contract payments category reflects contract stipulated payments with the ability to take a quantified amount of water. The payment is made in full regardless of consumption below the quantified amount.

³If the customer is reflected in the count of raw water customers, it is excluded from the count of effluent and minimum contract payment customers.

CUSTOMER ACCOUNTS FOR TREATED WATER - 2009¹

		Total Customer Accounts ²			Accounts with Active Billed Consumption	
		12-31-09 ³	12-31-08	Increase (Decrease)	12-31-09 ³	12-31-08
METERED GENERAL CUSTOMERS						
Residential -	Denver	139,315	132,648	6,667	131,233	129,977
	Outside City	34,038	33,153	885	32,910	33,005
	Total Service	33,271	32,309	962	32,140	32,124
Small multi-family -	Denver	9,653	9,312	341	9,222	9,131
	Outside City	532	488	44	510	486
	Total Service	628	622	6	618	619
Commercial -	Denver	15,406	15,182	224	14,725	14,635
	Outside City	2,499	2,466	33	2,448	2,439
	Total Service	2,850	2,792	58	2,755	2,713
Industrial -	Denver	283	295	(12)	263	271
	Outside City	7	7	-	7	7
	Total Service	9	10	(1)	9	10
Other Irrigation-	Denver	745	752	(7)	692	683
	Outside City	239	242	(3)	234	233
	Total Service	411	409	2	401	396
TOTAL METERED GENERAL CUSTOMERS		239,886	230,687	9,199	228,167	226,729
PUBLIC AUTHORITIES						
City & County of Denver		1,206	1,226	(20)	1,164	1,082
Other County Agencies -	Denver	168	164	4	164	162
	Outside City	50	52	(2)	49	52
	Total Service	79	82	(3)	77	76
State Agencies -	Denver	54	52	2	52	52
	Outside City	5	5	-	4	4
	Total Service	3	4	(1)	3	3
Federal Agencies -	Denver	28	43	(15)	27	23
	Outside City	2	7	(5)	2	7
	Total Service	2	2	-	2	2
TOTAL PUBLIC AUTHORITIES		1,597	1,637	(40)	1,544	1,463
RESALE ACCOUNTS (MASTER METER)⁴		75,285	77,049	(1,764)	75,285	77,049
TOTAL TREATED WATER CUSTOMERS		316,768	309,373	7,395	304,996	305,241

¹ Represents number of metered services at year-end. For average number of customers billed during the calendar year, see "Operating Revenue and Related Water Consumption."

² A customer account is defined as a person or legal entity to whom we currently provide service or have provided service at any time during the last five consecutive years. A customer may have more than one license, tap and/or premise.

³ A new customer information system was implemented during 2009 and the above definition of a customer account was instituted. Previously, the number of customer accounts was equal to the number of active taps. Therefore, 2009 account data are not comparable to account data for prior years, nor to active tap data on other schedules.

⁴ See "Analysis of Sales of Treated Water for Resale."

WATER RATE SCHEDULES - 2009

(Effective for bills dated on or after January 1, 2009)

Rate per 1,000 Gallons

TREATED WATER CONSUMPTION CHARGES (Monthly)

	Schedule 1 Inside City	Outside City	
		Schedule 2 Read and Bill	Schedule 3 Total Service
<u>Single Family Residential</u>			
First 11,000 Gallons	\$ 1.91	\$ 2.00	\$ 2.43
12,000 - 30,000 Gallons	3.82	4.00	4.86
31,000 - 40,000 Gallons	5.73	6.00	7.29
Over 40,000 Gallons	7.64	8.00	9.72
<u>Single Family Residential Irrigation</u>			
Winter - All Consumption	0.92	1.08	1.24
Summer - All Consumption	3.68	4.32	4.96
<u>Small Multi-Family (Duplex through 5-Plex with a Single Meter)</u>			
First 15,000 Gallons ¹	2.17	2.57	3.31
Over 15,000 Gallons	2.60	3.08	3.97

¹Monthly usage amounts increase by 6,000 gallons per additional dwelling unit up to 5 dwelling units.

<u>All Other (Non-Residential)</u>			
Winter - All Consumption	\$ 1.48	\$ 1.99	\$ 2.16
Summer - All Consumption	2.96	3.98	4.32

<u>Other Irrigation</u>			
Winter - All Consumption	1.49	1.78	2.02
Summer - All Consumption	3.17	3.94	4.33

SERVICE CHARGES

Monthly
\$ 4.41

PRIVATE FIRE PROTECTION SERVICE CHARGES (Monthly)

	Schedule 1 Inside City	Outside City	
		Schedule 2 Read and Bill	Schedule 3 Total Service
Fire Hydrants	\$ 16.36	\$ 5.63	\$ 7.51
Sprinkler Systems and Standpipes:			
1"	\$ 4.44	\$ 1.53	\$ 2.04
2"	7.41	2.55	3.40
4"	11.46	3.94	5.26
6"	16.36	5.63	7.51
8"	28.64	9.85	13.15
10"	40.91	14.07	18.79
12"	65.46	22.50	30.06
16"	163.64	56.26	75.14

Schedule 1 Applicability: Charges under this schedule are applicable to all licensees for treated water service or private fire protection service inside the limits of the City and County of Denver.

Schedule 2 Applicability: Charges under this schedule are applicable to all licensees for treated water service or private fire protection service outside the limits of the City and County of Denver served under agreements whereby the distributor in some manner operates and maintains portions of the water system used to supply the licensee and Denver Water is responsible for billing each licensee on an individual basis.

Schedule 3 Applicability: Charges under this schedule are applicable to all licensees for treated water service or private fire protection service outside the limits of the City and County of Denver served under agreements whereby Denver Water operates and maintains the water system used to supply water to the licensee.

	Schedule 4	Schedule 5
	<u>Master Meter</u>	<u>Master Meter</u>
		<u>Maintenance</u>
TREATED WATER CONSUMPTION CHARGE (Monthly) (Rate per 1,000 Gallons)	\$ 3.01	\$ 4.31
	<u>Monthly</u>	
SERVICE CHARGES FOR ALL METER SIZES	\$ 4.41	

Schedule 4 Applicability: Charges for treated water service under this schedule are applicable to municipalities, quasi-municipal districts and water companies outside the limits of the City and County of Denver served under agreements whereby the municipality, quasi-municipal district or water company operates and maintains water systems to supply individual licensees. Denver Water bills distributors for water delivered through "master meters." Each distributor establishes charges for its individual licensees for water service.

Schedule 5 Applicability: This is a variation of a standard master meter contract in which Denver Water bills distributors for water delivered through "master meters" and the distributor charges its individual licensees for water service. The charges for treated water service under this schedule are applicable to master meter distributors who elect to continue performing customer billing and collection functions within their service area while contracting with Denver Water to operate, maintain and replace their water system.

	Schedule 6	
	<u>Raw and Recycled</u>	
	<u>Per 1,000 Gallons</u>	<u>Per Acre Foot</u>
RAW WATER CONSUMPTION (Monthly)		
Inside City	\$ 0.47	\$ 153.15
Outside City	0.73	237.87
Outside the Combined Service Area (See Rate Schedule No. 7)	0.85	276.38
CITY OF ARVADA RAW WATER CONSUMPTION	\$ 0.73	\$ 237.87
	<u>Monthly</u>	
SERVICE CHARGES FOR RAW WATER	n/a	
RECYCLED WATER CONSUMPTION		
Inside City	\$ 0.89	\$ 290.01
Outside City	n/a	n/a
Outside the Combined Service Area (See Rate Schedule No. 7)	0.90	293.27
	<u>Monthly</u>	
SERVICE CHARGES FOR RECYCLED WATER	\$ 4.41	

Schedule 6 Applicability: Charges under this schedule are applicable to entities (including municipalities, quasi-municipal districts and corporations) with whom Denver Water has contracts to deliver raw or recycled water service at inside city or outside city rates. See Rate Schedule No. 7 for applicability outside the combined service area.

Schedule 7
Outside Combined Service Area

TREATED WATER CONSUMPTION (Monthly)	<u>Per 1,000 Gallons</u> \$ 3.19	<u>Per Acre Foot</u> \$ 1,039.46
SERVICE CHARGE FOR TREATED WATER	<u>Monthly</u> \$ 4.41	
RAW WATER CONSUMPTION	<u>Per 1,000 Gallons</u> \$ 0.85	<u>Per Acre Foot</u> \$ 276.38
SERVICE CHARGE FOR RAW WATER	<u>Monthly</u> n/a	
RECYCLED WATER CONSUMPTION	<u>Per 1,000 Gallons</u> \$ 0.90	<u>Per Acre Foot</u> \$ 293.27
SERVICE CHARGE FOR RECYCLED WATER	<u>Monthly</u> \$ 4.41	

Schedule 7 Applicability: Charges under this schedule are applicable to entities (including municipalities, quasi-municipal districts and corporations) with whom Denver Water has contracts to deliver a fixed amount of water each year at Denver Water's outside the combined service area rates. These entities are located outside of Denver Water's combined service area, which is comprised of the City and County of Denver plus the total geographic area of all Total Service, Read and Bill, and Master Meter distributors who rely on Denver Water for their treated water supply. For contracts with entities outside of the combined service area, Denver Water is only obligated to provide specified amounts of treated, raw or recycled water as specified by contract. Denver Water has no relationship with, or obligation to, individual customers of the entity holding the fixed amount contract.

Schedule 8
System Development Charges

SINGLE FAMILY RESIDENTIAL

	<u>Inside City</u>	<u>Outside City</u>
Base Charge per Residence	\$ 2,240	\$ 3,140
Additional Charge per Square Foot of Gross Lot Size	0.45	0.64

MULTI-FAMILY RESIDENTIAL (Two or More Dwelling Units Served Through Single Tap)

Base charge or first two dwelling units served through a single tap	\$ 6,970	\$ 9,760
Charge for each additional dwelling unit served through a single tap	1,380	1,930

Single Family & Multi-Family Applicability: Licenses for single family and multi-family residential treated water taps inside the City and County of Denver, and in Read and Bill and Total Service districts outside the City and County of Denver, including special contracts (see Schedule 8 note below). System development charges are due and payable prior to issuance of a license to the customer.

IRRIGATION-ONLY

Irrigation-Only Applicability: An SDC for any license supplying potable or nonpotable irrigation-only service will be based on one of the following methods, **but will not be less than the SDC for the size of the tap to be installed.**

- 1) the size of the entire licensed property, or
- 2) the volume of water to be taken on an annual basis

ALL OTHER (NON-RESIDENTIAL)

<u>Tap Size</u>	<u>Treated Water</u>		<u>Recycled Water</u>	
	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
3/4"	\$ 5,650	\$ 7,920	\$ 4,050	\$ 5,670
1"	14,760	20,660	10,820	15,140
1 1/2"	31,220	43,710	23,500	32,910
2"	57,650	80,710	43,200	60,480
3"	108,560	151,980	83,190	116,470
4"	154,130	215,780	116,100	162,550
6"	237,610	332,650	186,870	261,620
8"	323,260	452,560	257,640	360,690
10"	444,960	622,940	328,400	459,770
12"	481,760	674,460	399,170	558,840

Non-Residential Applicability: Non-residential licenses for treated or non-potable (raw and recycled) water taps inside the City and County of Denver, and in Read and Bill and Total Service districts outside the City and County of Denver, including special contracts (see Schedule 8 note below). System development charges are due and payable prior to issuance of a license to the customer.

SPECIAL CONTRACTS, FIXED VOLUME CONTRACTS, & LARGE VOLUME CUSTOMERS

<u>Acre Foot Conversion (\$/AF)</u>	<u>Treated Water</u>		<u>Raw Water</u>	
	<u>Inside City</u>	<u>Outside City</u>	<u>Inside City</u>	<u>Outside City</u>
Inside the Combined Service Area	\$ 10,370	\$ 14,520	\$ 7,430	\$ 10,400
Outside the Combined Service Area	n/a	18,410	n/a	13,190

Special Contracts, Fixed Contracts, & Large Volume Customers Applicability: Special contracts, fixed volume contracts, and customers using large volumes of water within inside the City and County of Denver, in Read and Bill and Total Service districts outside the City and County of Denver, and outside Denver Water's combined service area. System Development Charges are due and payable prior to issuance of a license to the customer.

Schedule 8 Note: There are several distributor contracts and water service agreements that contain negotiated per acre foot tap ratio conversions and some agreements that contain negotiated, and in some cases, prepaid system development charges. These contracts will continue to be administered utilizing the system development charge calculations and/or tap ratio conversions specified in each of these contracts. Tap credit pools shall continue to be administered in a manner consistent with the applicable water service agreement and Denver Water Operating Rules.

City of Denver - Schedule 1	2009¹	2008	2007	2006	2005	2004	2003	2002	2001	2000
Residential - Consumption Charge per 1,000 Gallons										
First 11,000 Gallons	\$ 1.91	-	-	-	-	-	-	-	-	-
12,000 - 30,000 Gallons	3.82	-	-	-	-	-	-	-	-	-
31,000 - 40,000 Gallons	5.73	-	-	-	-	-	-	-	-	-
Over 40,000 Gallons	7.64	-	-	-	-	-	-	-	-	-
Prior to July 6, 2009										
First 22,000 Gallons	-	\$ 1.81	\$ 1.72	\$ 1.84	\$ 1.71	\$ 1.63	\$ 1.58	\$ 1.53	\$ 1.48	\$ 1.43
22,000 - 60,000 Gallons	-	3.62	3.44	2.21	2.05	1.96	1.90	1.84	1.78	1.72
Over 60,000 Gallons	-	-	-	-	2.57	2.45	2.37	2.30	2.22	2.15
60,000 - 80,000 Gallons	-	5.43	5.16	2.76	-	-	-	-	-	-
Over 80,000 Gallons	-	7.24	6.88	3.59	-	-	-	-	-	-
Gallons										
Winter - All Consumption	0.92	0.89	0.94	-	-	-	-	-	-	-
Summer - All Consumption	3.68	3.56	3.76	-	-	-	-	-	-	-
Small Multi-Family - Consumption Charge per 1,000 Gallons (Duplexes through Five-Plexes with a Single Meter)										
First 15,000 Gallons ²	2.17	-	-	-	-	-	-	-	-	-
Over 15,000 Gallons	2.60	-	-	-	-	-	-	-	-	-
Prior to July 6, 2009										
First 30,000 Gallons ³	-	2.10	1.95	1.59	1.52	1.44	1.39	1.34	1.31	1.26
Over 30,000 Gallons	-	2.52	2.34	1.91	1.82	1.73	1.67	1.61	1.57	1.51
All Other Retail - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	1.48	2.06	1.89	1.64	1.53	1.41	1.36	1.32	1.28	1.24
Summer - All Consumption	2.96	2.47	2.27	1.97	1.84	1.69	1.63	1.58	1.54	1.49
Other Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	1.49	2.02	-	-	-	-	-	-	-	-
Summer - All Consumption	3.17	2.50	-	-	-	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	4.41	3.82	3.87	-	-	3.41	3.09	3.09	3.16	3.21
Bimonthly Service Charge	-	6.07	5.98	-	-	4.91	4.43	4.43	4.50	4.52
Monthly 3/4" Meter Charge	-	-	-	5.47	4.26	-	-	-	-	-
Bimonthly 3/4" Meter Charge	-	-	-	9.15	8.51	-	-	-	-	-
Outside City Read and Bill - Schedule 2										
Residential - Consumption Charge per 1000 Gallons										
First 11,000 Gallons	\$ 2.00	-	-	-	-	-	-	-	-	-
12,000 - 30,000 Gallons	4.00	-	-	-	-	-	-	-	-	-
31,000 - 40,000 Gallons	6.00	-	-	-	-	-	-	-	-	-
Over 40,000 Gallons	8.00	-	-	-	-	-	-	-	-	-
Prior to July 6, 2009										
First 22,000 Gallons	-	\$ 1.90	\$ 2.11	\$ 2.48	\$ 2.28	\$ 2.08	\$ 1.97	\$ 1.90	\$ 1.82	\$ 1.77
22,000 - 60,000 Gallons	-	3.80	4.22	2.98	2.74	2.50	2.36	2.28	2.18	2.12
Over 60,000 Gallons	-	-	-	-	3.42	3.12	2.96	2.85	2.73	2.66
60,000 - 80,000 Gallons	-	5.70	6.33	3.72	-	-	-	-	-	-
Over 80,000 Gallons	-	7.60	8.44	4.84	-	-	-	-	-	-
Gallons										
Winter - All Consumption	1.08	0.98	0.92	-	-	-	-	-	-	-
Summer - All Consumption	4.32	3.92	3.68	-	-	-	-	-	-	-
Small Multi-Family - Consumption Charge per 1000 Gallons (Duplexes through Five-Plexes with a Single Meter)										
First 15,000 Gallons ²	2.57	-	-	-	-	-	-	-	-	-
Over 15,000 Gallons	3.08	-	-	-	-	-	-	-	-	-
Prior to July 6, 2009										
First 30,000 Gallons ³	-	2.27	2.13	2.10	1.98	1.89	1.83	1.77	1.77	1.76
Over 30,000 Gallons	-	2.72	2.56	2.52	2.38	2.27	2.20	2.12	2.12	2.11

¹Effective July 6, 2009 Denver Water customers are billed monthly.

²Monthly usage amounts increase by 6,000 gallons per additional dwelling unit up to 5 dwelling units.

³Bimonthly usage amounts increased by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

(Continued next page)

	2009 ¹	2008	2007	2006	2005	2004	2003	2002	2001	2000
Outside City Read and Bill - Schedule 2 (Continued)										
<u>All Other Retail - Consumption Charge per 1000 Gallons</u>										
Winter - All Consumption	\$ 1.99	\$ 2.50	\$ 2.42	\$ 2.23	\$ 2.00	\$ 1.84	\$ 1.70	\$ 1.65	\$ 1.61	\$ 1.59
Summer - All Consumption	3.98	3.00	2.90	2.68	2.40	2.21	2.04	1.98	1.93	1.91
<u>Other Irrigation - Consumption Charge per 1000 Gallons</u>										
Winter - All Consumption	1.78	2.35	-	-	-	-	-	-	-	-
Summer - All Consumption	3.94	3.08	-	-	-	-	-	-	-	-
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	4.41	3.82	3.87	-	-	3.41	3.09	3.09	3.16	3.21
Bimonthly Service Charge	-	6.07	5.98	-	-	4.91	4.43	4.43	4.50	4.52
Monthly 3/4" Meter Charge	-	-	-	5.47	4.26	-	-	-	-	-
Bimonthly 3/4" Meter Charge	-	-	-	9.15	8.51	-	-	-	-	-
Outside City Total Service - Schedule 3										
<u>Residential - Consumption Charge per 1000 Gallons</u>										
First 11,000 Gallons	\$ 2.43	-	-	-	-	-	-	-	-	-
12,000 - 30,000 Gallons	4.86	-	-	-	-	-	-	-	-	-
31,000 - 40,000 Gallons	7.29	-	-	-	-	-	-	-	-	-
Over 40,000 Gallons	9.72	-	-	-	-	-	-	-	-	-
<u>Prior to July 6, 2009</u>										
First 22,000 Gallons	-	\$ 2.27	\$ 2.22	\$ 2.92	\$ 2.76	\$ 2.54	\$ 2.41	\$ 2.33	\$ 2.26	\$ 2.19
22,000 - 60,000 Gallons	-	4.54	4.44	3.50	3.31	3.05	2.89	2.80	2.71	2.63
Over 60,000 Gallons	-	-	-	-	4.14	3.81	3.62	3.50	3.39	3.29
60,000 - 80,000 Gallons	-	6.81	6.66	4.38	-	-	-	-	-	-
Over 80,000 Gallons	-	9.08	8.88	5.69	-	-	-	-	-	-
<u>Residential Irrigation - Consumption Charge per 1,000 Gallons</u>										
Winter - All Consumption	1.24	1.09	1.09	-	-	-	-	-	-	-
Summer - All Consumption	4.96	4.36	4.36	-	-	-	-	-	-	-
<u>Small Multi-Family - Consumption Charge per 1000 Gallons</u> (Duplexes through Five-Plexes with a Single Meter)										
First 15,000 Gallons ²	3.31	-	-	-	-	-	-	-	-	-
Over 15,000 Gallons	3.97	-	-	-	-	-	-	-	-	-
<u>Prior to July 6, 2009</u>										
First 30,000 Gallons ³	-	2.97	2.77	2.58	2.25	2.14	2.14	2.06	2.01	2.01
Over 30,000 Gallons	-	3.56	3.32	3.10	2.70	2.57	2.57	2.47	2.41	2.41
<u>All Other Retail - Consumption Charge per 1000 Gallons</u>										
Winter - All Consumption	2.16	2.98	2.89	2.41	2.14	1.98	1.96	1.89	1.88	1.88
Summer - All Consumption	4.32	3.58	3.47	2.89	2.57	2.38	2.35	2.27	2.26	2.26
<u>Other Irrigation - Consumption Charge per 1000 Gallons</u>										
Winter - All Consumption	2.02	2.78	-	-	-	-	-	-	-	-
Summer - All Consumption	4.33	3.61	-	-	-	-	-	-	-	-
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	4.41	3.82	3.87	-	-	3.41	3.09	3.09	3.16	3.21
Bimonthly Service Charge	-	6.07	5.98	-	-	4.91	4.43	4.43	4.50	4.52
Monthly 3/4" Meter Charge	-	-	-	5.47	4.26	-	-	-	-	-
Bimonthly 3/4" Meter Charge	-	-	-	9.15	8.51	-	-	-	-	-
Outside City Master Meter - Schedule 4										
Consumption Charge per 1000 Gallons - All Consumption	\$ 3.01	\$ 2.67	\$ 2.55	\$ 2.36	\$ 2.20	\$ 2.00	\$ 1.89	\$ 1.83	\$ 1.81	\$ 1.74
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	4.41	3.82	3.87	-	-	3.41	3.09	3.09	3.16	3.21
Bimonthly Service Charge	-	6.07	5.98	-	-	4.91	4.43	4.43	4.50	4.52
Monthly 3/4" Meter Charge	-	-	-	5.47	4.26	-	-	-	-	-
Bimonthly 3/4" Meter Charge	-	-	-	9.15	8.51	-	-	-	-	-

¹Effective July 6, 2009 Denver Water customers are billed monthly.

²Monthly usage amounts increase by 6,000 gallons per additional dwelling unit up to 5 dwelling units.

³Bimonthly usage amounts increased by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

(Continued next page)

	2009 ¹	2008	2007	2006	2005	2004	2003	2002	2001	2000
Outside City Master Meter Maintenance - Schedule 5										
Consumption Charge per 1000 Gallons - All Consumption	\$ 4.31	\$ 3.93	\$ 3.72	\$ 3.43	\$ 3.15	\$ 2.77	\$ 2.56	\$ 2.47	-	-
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	4.41	3.82	3.87	-	-	3.41	3.09	3.09	-	-
Bimonthly Service Charge	-	6.07	5.98	-	-	4.91	4.43	4.43	-	-
Monthly 3/4" Meter Charge	-	-	-	5.47	4.26	-	-	-	-	-
Bimonthly 3/4" Meter Charge	-	-	-	9.15	8.51	-	-	-	-	-
Raw and Recycled - Schedule 6										
<u>Raw - Consumption Charge per 1000 Gallons</u>										
Inside City - All Consumption	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47
Outside City - All Consumption	0.73	0.67	0.67	0.62	0.58	0.53	0.49	0.49	0.49	0.49
Outside Combined Service Area - All Consumption	0.85	0.76	0.76	0.71	-	-	-	-	-	-
<u>Recycled - Consumption Charge per 1000 Gallons</u>										
Inside City Recycled - All Consumption	0.89	0.88	0.86	0.69	0.69	0.63	-	-	-	-
Outside City Recycled - All Consumption	-	-	-	-	-	-	-	-	-	-
Outside Combined Service Area - All Consumption	0.90	0.76	0.77	0.71	0.83	0.76	-	-	-	-
<u>Recycled Service Meter Charge</u>										
Monthly Service Charge	4.41	3.82	3.87	-	-	3.41	-	-	-	-
Bimonthly Service Charge	-	6.07	5.98	-	-	4.91	-	-	-	-
Monthly 3/4" Meter Charge	-	-	-	5.47	4.26	-	-	-	-	-
Bimonthly 3/4" Meter Charge	-	-	-	9.15	8.51	-	-	-	-	-
Outside Combined Service Area - Schedule 7										
Treated Water - Consumption Charge per 1000 Gallons	\$ 3.19	\$ 3.13	\$ 2.68	\$ 2.54	-	-	-	-	-	-
<u>Service Charge/Meter Charge</u>										
Monthly Service Charge	4.41	3.82	3.87	-	-	-	-	-	-	-
Bimonthly Service Charge	-	6.07	5.98	-	-	-	-	-	-	-
Monthly 3/4" Meter Charge	-	-	-	5.47	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge	-	-	-	9.15	-	-	-	-	-	-

¹Effective July 6, 2009 Denver Water customers are billed monthly.

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SALES OF TREATED WATER FOR RESALE - 2009
(NON-ACCRUAL BASIS)¹

Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters²

	<u>Revenue</u>	<u>Gallons Sold (000)</u>	<u>Number of Taps³</u>
<u>OUTSIDE CITY - MASTER METER DISTRIBUTORS</u>			
Alameda Water & Sanitation District	\$ 220,302	73,130	331
Bancroft-Clover Water & Sanitation District	4,329,214	1,437,971	8,717
Bonvue Water & Sanitation District	41,961	13,923	169
Bow-Mar Water & Sanitation District	238,618	79,180	290
Cherry Creek Valley Water & Sanitation District	2,323,003	770,773	1,920
Cherry Creek Village Water & Sanitation District	365,556	121,412	472
Consolidated Mutual Water Company	7,065,191	2,347,705	15,666
Crestview Water & Sanitation District	1,074,067	416,435	4,508
City of Edgewater	584,354	194,051	1,484
City of Glendale	759,731	252,367	240
Green Mountain Water & Sanitation District	4,654,970	1,546,361	10,025
High View Water District	422,278	140,274	886
Ken-Caryl Water & Sanitation District	2,167,037	726,019	3,663
Lakehurst Water & Sanitation District	2,630,160	947,649	5,376
City of Lakewood	638,593	212,125	729
Meadowbrook Water & Sanitation District	451,965	150,084	1,232
North Pecos Water & Sanitation District	311,331	103,372	406
North Washington Street Water & Sanitation District	2,212,079	734,787	3,594
Northgate Water District	22,723	7,539	1
South Adams County Water & Sanitation District	325,653	108,145	163
Valley Water District	1,489,323	494,721	1,758
Wheat Ridge Water District	2,301,598	764,425	5,850
Willowbrook Water & Sanitation District	1,208,852	401,524	3,201
Willows Water District	2,282,511	758,176	4,732
Total Sales for Master Meter Distributors	<u>38,121,072</u>	<u>12,802,148</u>	<u>75,413</u>
<u>OUTSIDE THE COMBINED SERVICE AREA</u>			
City of Aurora	20,322	6,743	
City and County of Broomfield	4,287,576	1,424,378	
Chatfield South Water District	624,879	207,159	
East Cherry Creek Valley Water District	1,712,904	536,915	
Inverness Water District	135,352	44,950	
South Adams County Special Contract Area	2,172,515	682,325	
Total Sales for Other Contracts at Wholesale Rates	<u>8,953,549</u>	<u>2,902,470</u>	
 Total Sales of Treated Water for Resale	 <u>47,074,620</u>	 <u>15,704,618</u>	 <u>75,413</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses, and Changes in Net Assets. The difference from amounts on an accrual basis is immaterial.

²Sales on Total Service or Read and Bill Contracts are not included.

³Estimated number of taps served behind Master Meters is based on survey analysis.

25 LARGEST RETAIL CUSTOMERS - WATER CONSUMPTION AND REVENUE - 2009
(NON-ACCRUAL BASIS)

<u>Account Type</u>	<u>Consumption</u>		<u>Revenue</u>	
	<u>Gallons Sold</u> (000)	<u>Percent of</u> <u>Total</u> <u>Gallons Sold</u>	<u>Water</u> <u>Revenue¹</u>	<u>Percent of</u> <u>Total Water</u> <u>Revenue</u>
Petroleum Company	534,660	0.87%	\$ 1,490,949	0.82%
Public School System	384,723	0.63%	1,076,103	0.59%
Public Utility	338,782	0.55%	825,184	0.45%
Housing Authority	329,338	0.54%	842,568	0.46%
Beverage Company	163,421	0.27%	375,361	0.21%
Retail Grocer	161,761	0.26%	398,798	0.22%
Parks System	149,899	0.24%	619,605	0.34%
Special Utility District	128,316	0.21%	351,576	0.19%
Private University	124,844	0.20%	314,977	0.17%
Medical Center	123,369	0.20%	322,783	0.18%
Federal Government Agency	112,851	0.18%	313,098	0.17%
Utility Service Provider	107,830	0.18%	212,439	0.12%
Residential Community	107,538	0.18%	269,958	0.15%
Manufacturer	105,805	0.17%	345,875	0.19%
Beverage Company	103,045	0.17%	234,473	0.13%
Public Utility	92,134	0.15%	293,344	0.16%
Residential Community	86,231	0.14%	205,982	0.11%
Medical Center	80,935	0.13%	203,035	0.11%
Public School System	78,259	0.13%	294,462	0.16%
Residential Community	74,411	0.12%	168,543	0.09%
Manufacturer	68,956	0.11%	159,149	0.09%
Hotel Chain	66,701	0.11%	166,999	0.09%
State Government Agency	64,724	0.11%	151,290	0.08%
Educational Complex	64,472	0.11%	168,287	0.09%
Public School System	60,625	0.10%	245,721	0.13%
Total of the 25 largest customers	<u>3,713,630</u>	<u>6.05%</u>	<u>\$ 10,050,559</u>	<u>5.51%</u>
Total sales of treated water	<u>61,368,335</u>		<u>\$ 182,479,395</u>	

¹This column represents actual billings made for treated water and private fire protection service during the year. The difference from amounts on an accrual basis is immaterial. In addition to the 25 largest retail accounts listed, Denver Water provided 1,924 million gallons of treated water to the City and County of Denver. Revenues from these sales were \$4.2 million.

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION RECEIPTS:
1973 - 2009

(Cash basis - net of refunds)

	<u>System Development Charges</u>	<u>Participation Receipts</u>
2009	\$ 8,012,859	\$ 497,302
2008	18,498,195	2,424,264
2007	26,027,721	3,299,769
2006	22,305,207	2,730,141
2005	26,256,752	1,849,613
2004	24,833,961	2,228,550
2003	19,614,948	2,831,285
2002	36,590,914	5,567,014
2001	22,186,342	7,026,906
2000	25,525,391	6,392,360
1999	24,223,691	11,963,951
1998	33,155,890	8,411,534
1997	45,058,104	3,732,524
1996	15,137,300	2,913,102
1995	15,527,600	3,927,400
1994	13,535,700	2,881,800
1993	12,181,800	1,343,600
1992	10,920,300	1,198,800
1991	7,530,400	2,330,700
1990	6,615,100	1,838,700
1989	6,251,400	4,965,200
1988	6,084,600	3,067,700
1987	8,544,400	4,561,300
1973-86	<u>149,473,600</u>	<u>43,647,100</u>
	<u>\$ 584,092,175</u>	<u>\$ 131,630,615</u>

C - DEBT CAPACITY INFORMATION

These schedules present information to help the reader assess the affordability of Denver Water's current levels of outstanding debt and its ability to issue additional debt in the future.

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RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE: 2000 - 2009

(amounts expressed in thousands, except debt per capita)

Year	Total Principal Balance Outstanding Debt by Type ¹					Gross Revenues ^{2,4}	Ratio of Total Debt to Gross Revenue ¹	Estimated Population Served ³	Debt Per Capita ¹
	General Obligation Bonds	Water Revenue Bonds	Capital Leases		Total				
			Certificates of Participation	Other					
2000	211,745	-	48,245	32,265	292,255	196,005	1.49	1,036,000	282
2001	208,140	-	67,885	31,429	307,454	203,841	1.51	1,052,000	292
2002	205,480	-	63,590	30,536	299,606	200,378	1.50	1,076,000	278
2003	156,345	127,155	59,160	29,581	372,241	176,011	2.11	1,081,000	344
2004	117,375	164,365	54,555	28,561	364,856	198,383	1.84	1,104,000	330
2005	100,340	191,090	49,755	27,471	368,656	200,402	1.84	1,115,000	331
2006	86,300	182,840	44,436	26,306	339,882	242,388	1.40	1,124,000	302
2007	61,545	280,080	39,515	25,061	406,201	244,191	1.66	1,143,000	355
2008	42,725	277,490	33,805	23,731	377,751	261,576	1.44	1,154,000	327
2009	31,170	309,025	27,835	22,308	390,338	242,491	1.61	1,173,000	333

¹Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt. The numbers above are principal balances only and exclude discounts, premiums, and deferred amounts on advance refundings. They do not agree with numbers on the statement of net assets or the statistical summary. All bonded debt is secured by revenue. Debt retired with an optional call is not included in the annual principal amount.

²Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus capital contributions minus noncash capital contributions.

³Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water."

⁴Amounts for years 1999 - 2007 have been revised to conform with revised calculations used in debt covenants.

PLEDGED-REVENUE COVERAGE: 2000 - 2009

General Obligation Bonds, Water Revenue Bonds, and Obligations under Capital Lease¹
(amounts expressed in thousands)

Year	Gross Revenues ^{2,5}	Less Operating Expenses ^{3,5}	Net Available Revenue	Total Debt Service ¹			Coverage ^{4,5}
				Principal	Interest	Total	
2000	196,005	82,325	113,680	18,402	16,376	34,778	3.27
2001	203,841	87,065	116,776	15,841	15,367	31,208	3.74
2002	200,378	95,900	104,478	16,763	15,760	32,523	3.21
2003	176,011	104,943	71,068	17,345	16,333	33,678	2.11
2004	198,383	105,287	93,096	19,535	18,610	38,145	2.44
2005	200,402	106,018	94,384	25,655	18,285	43,940	2.15
2006	242,388	114,236	128,152	27,765	17,777	45,542	2.81
2007	244,191	124,170	120,021	32,055	19,683	51,738	2.32
2008	261,576	138,402	123,174	30,250	19,324	49,574	2.48
2009	242,491	155,127	87,364	31,413	18,741	50,154	1.74

¹Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt. All bonded debt is secured by revenue. Debt retired with an optional call is not included in the annual principal amount.

²Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus capital contributions minus noncash capital contributions.

³Operating Expenses are defined as operating expenses plus other expenses minus total depreciation and amortization (as disclosed in Note 4 to the financial statements).

⁴All items computed as defined in bond covenants. Rate maintenance covenant is 1.10; additional bonds test is 1.2 times average annual debt service.

⁵Amounts for years 1999 - 2007 have been revised to conform with revised calculations used in debt covenants.

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 2000 - 2009
 (amounts expressed in thousands, except debt per capita)

<u>Year</u>	<u>General Obligation Bonds¹</u>	<u>Gross Revenues^{2,4}</u>	<u>Ratio of General Obligation Debt to Gross Revenue</u>	<u>Estimated Population Served³</u>	<u>General Obligation Debt per Capita</u>
2000	211,745	196,005	1.08	1,036,000	204
2001	208,140	203,841	1.02	1,052,000	198
2002	205,480	200,378	1.03	1,076,000	191
2003	156,345	176,011	0.89	1,081,000	145
2004	117,375	198,383	0.59	1,104,000	106
2005	100,340	200,402	0.50	1,115,000	90
2006	86,300	242,388	0.36	1,124,000	77
2007	61,545	244,191	0.25	1,143,000	54
2008	42,725	261,576	0.16	1,154,000	37
2009	31,170	242,491	0.13	1,173,000	27

¹Details regarding outstanding debt can be found in the notes to the financial statements.

²Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus capital contributions minus noncash capital contributions.

³Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water."

⁴Amounts for years 1999 - 2007 have been revised to conform with revised calculations used in debt covenants.

RATIOS OF WATER REVENUE BONDED DEBT OUTSTANDING: 2003 - 2009
 (amounts expressed in thousands, except debt per capita)

<u>Year</u>	<u>Water Revenue Bonds¹</u>	<u>Gross Revenues^{2,4}</u>	<u>Ratio of Water Revenue Debt to Gross Revenue</u>	<u>Estimated Population Served³</u>	<u>Water Revenue Debt per Capita</u>
2003	127,155	176,011	0.72	1,081,000	118
2004	164,365	198,383	0.83	1,104,000	149
2005	191,090	200,402	0.95	1,115,000	171
2006	182,840	242,388	0.75	1,124,000	163
2007	280,080	244,191	1.15	1,143,000	245
2008	277,490	261,576	1.06	1,154,000	240
2009	309,025	242,491	1.27	1,173,000	263

¹Details regarding outstanding debt can be found in the notes to the financial statements.

²Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus capital contributions minus noncash capital contributions.

³Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water."

⁴Amounts for years 2003 - 2007 have been revised to conform with revised calculations used in debt covenants.

D - DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which Denver Water's financial activities take place.

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DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2009

The following is general information concerning the economic and demographic conditions in the City and County of Denver (“Denver” or the “City”) and the immediate vicinity. The statistics presented below have been obtained from the sources indicated and represent the most current information available from such sources. However, certain information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Other economic and demographic information not presented herein may be available concerning the area in which the City is located

The City is within the Denver-Aurora-Broomfield Metropolitan Statistical Area (formerly known as the Denver-Aurora Metropolitan Statistical Area) as defined by the federal Office of Management and Budget (“OMB”), referred to herein as the “Denver-Aurora-Broomfield MSA.” The general concept of a metropolitan statistical area is that of a core area containing a substantial population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Metropolitan statistical areas comprise one or more entire counties. The Denver-Aurora-Broomfield MSA includes the counties of Adams, Arapahoe, Broomfield (formerly the City of Broomfield), Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park.

National and State Economy Overview

According to the Colorado Legislative Council Staff’s “Focus Colorado: Economic and Revenue Forecast” dated March 19, 2010 (the “Revenue Forecast”), the national economy continues to expand, but the recovery from the recession is fragile, and while the economy’s natural forces for expansion are emerging, growth is weak and uneven.

The Revenue Forecast further states that Colorado’s economy has begun to slowly recover from the recession. The State’s educated workforce and favorable industry mix positions Colorado to be a leader as business investment recovers. However, weak real estate markets, high debt levels, bank failures, and tight credit conditions are expected to constrain economic growth over the next few years. As a result, growth is expected to be sluggish and there are risks that recent positive trends could regress.

The Metro Denver region has also embarked on a sluggish recovery. Consumer spending has begun to slowly improve and job losses have mitigated, but challenging credit conditions and a weak housing market are expected to contribute to a slow rate of recovery.

The complete Revenue Forecast may be viewed at <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1251573164950>.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2009 (Continued)

Population

The following table sets forth population statistics for Denver, the Denver-Aurora-Broomfield MSA, and the State of Colorado.

Population Estimates¹

<u>Year</u>	<u>Denver</u>	<u>Denver-Aurora-Broomfield MSA</u>	<u>State of Colorado</u>
2000	554,636	2,179,240	4,301,261
2001	564,411	2,246,785	4,433,068
2002	561,072	2,276,250	4,504,265
2003	558,351	2,297,441	4,548,775
2004	558,506	2,321,712	4,599,681
2005	561,323	2,353,518	4,660,780
2006	568,692	2,399,620	4,753,044
2007	578,789	2,449,476	4,842,259
2008	593,086	2,500,384	4,935,213
2009	610,345	2,552,195	5,024,748

¹ Population figures for 2000 are as of April 1, and population figures for 2001-2008 are as of July 1.

Source: U.S. Census Bureau

Age Distribution

The following table sets forth an estimated comparative age distribution profile for Denver, the Denver-Aurora-Broomfield MSA, the State and the United States as of January 1, 2009.

Age Distribution as of January 1, 2009
(Columns may not add to 100% due to rounding)

<u>Age Groups</u>	<u>Percent of Population</u>			
	<u>Denver</u>	<u>Denver-Aurora-Broomfield MSA</u>	<u>State of Colorado</u>	<u>United States</u>
0-17	22.8%	25.0%	24.3%	24.3%
18-24	8.0	8.3	9.3	9.8
25-34	16.5	14.6	14.9	13.3
35-49	23.8	23.2	22.2	21.3
50+	28.9	28.9	29.4	31.2

Source: Sales and Marketing Management Magazine, 2009 Survey of Buying Power and Media Markets

Income

The following table sets forth recent annual personal income levels of Denver, the Denver-Aurora-Broomfield MSA, the State, and the United States.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2009 (Continued)

Personal Income in Current Dollars¹
(Thousands)

<u>Year</u>	<u>Denver</u>	<u>Denver-Aurora-Broomfield MSA</u>	<u>State of Colorado</u>	<u>United States</u>
1999	\$19,247,231	\$ 72,517,327	\$130,662,556	\$ 7,906,131,000
2000	21,746,211	82,196,255	147,055,760	8,554,866,000
2001	23,535,037	87,645,529	156,469,023	8,878,830,000
2002	23,728,624	88,322,390	157,752,865	9,054,781,000
2003	23,746,689	88,867,955	159,918,904	9,369,072,000
2004	25,003,210	93,970,647	168,587,838	9,928,790,000
2005	26,814,616	100,385,520	179,697,896	10,476,669,000
2006	29,399,755	108,311,954	194,393,304	11,256,516,000
2007	30,948,536	114,529,464	205,547,809	11,879,836,000
2008	Not Available	119,089,684	212,320,185	12,225,589,000
2009 ²	Not Available	Not Available	207,741,661	12,015,534,968

¹ Figures for Denver and the Denver-Aurora-Broomfield MSA are as of April 2009, and figures for Colorado and the United States are as of March 2010.

² Preliminary.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

The following table sets forth recent annual per capita personal income levels for Denver, the Denver-Aurora-Broomfield MSA, the State, and the United States.

Per Capita Personal Income in Current Dollars¹

<u>Year</u>	<u>Denver</u>	<u>Denver-Aurora-Broomfield MSA</u>	<u>State of Colorado</u>	<u>United States</u>
1999	\$35,068	\$34,230	\$30,919	\$28,333
2000	39,107	37,842	33,977	30,318
2001	41,690	39,407	35,296	31,145
2002	42,261	38,788	35,023	31,462
2003	42,466	38,650	35,156	32,271
2004	44,659	40,420	36,652	33,881
2005	47,598	42,567	38,555	35,424
2006	51,387	45,072	40,899	37,698
2007	53,098	46,682	42,449	39,392
2008	Not Available	47,510	43,021	40,166
2009 ²	Not Available	Not Available	41,344	39,138

¹ Figures for Denver and the Denver-Aurora-Broomfield MSA are as of April 2009, and figures for Colorado and the United States are as of March 2010.

² Preliminary.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Employment

The following table sets forth recent total labor force, employment, and unemployment statistics for Denver, the Denver-Aurora-Broomfield MSA, and the State. The national unemployment rate is estimated to be approximately 9.7% as of March 2010.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2009 (Continued)

Local Area Employment Statistics

(Not seasonally adjusted. Labor force and employment data expressed in thousands)

Denver				
Year¹	Labor Force	% Change	Unemployed	Unemployment Rate
2005	302.5	0.0%	17.4	5.8%
2006	310.9	2.8	15.1	4.9
2007	315.0	1.3	13.4	4.3
2008	324.8	3.1	17.9	5.5
2009	321.3	(1.1)	27.5	8.6
2010 ²	313.7	(2.4)	28.5	9.1

Denver-Aurora-Broomfield MSA				
Year¹	Labor Force	% Change	Unemployed	Unemployment Rate
2005	1,316.5	--	69.0	5.2%
2006	1,354.5	2.9	60.1	4.4
2007	1,379.2	1.8	53.9	3.9
2008	1,399.0	1.5	69.4	5.0
2009	1,381.3	(1.3)	109.4	7.9
2010 ²	1,347.4	(2.5)	112.6	8.4

State of Colorado				
Year¹	Labor Force	% Change	Unemployed	Unemployment Rate
2005	2,580.8	--	132.6	5.1%
2006	2,642.7	2.4%	115.8	4.4
2007	2,686.4	1.7	103.9	3.9
2008	2,727.6	1.5	132.4	4.9
2009	2,701.0	(1.0)	208.5	7.7
2010 ²	2,636.9	(2.4)	218.5	8.3

¹ Figures for 2005-2009 are annual averages.

² February 2010.

Source: Colorado Department of Labor and Employment

The following tables set forth the number of individuals employed within selected industries covered by unemployment insurance in the Denver metropolitan area (comprised of the counties of Adams, Arapahoe, Broomfield, Denver, Douglas and Jefferson) for the period 2004 through 2008 based on North American Industrial Classification System (“NAICS”) codes. Annual data for 2009 is not yet available.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2009 (Continued)

**Average Number of Employees Within Selected Industries in the Denver Metropolitan Area
Subject to State Unemployment Laws - NAICS Classifications**

Industry	2004	2005	2006	2007	2008
Agriculture, Forestry, Fishing, Hunting	1,715	1,903	1,952	1,601	1,922
Mining	5,141	5,093	6,193	7,702	9,473
Utilities	3,627	3,710	3,752	3,512	3,691
Construction	79,282	83,256	85,777	83,105	82,078
Manufacturing	71,684	72,091	71,877	71,186	69,432
Wholesale Trade	61,982	62,566	64,539	66,051	66,808
Retail Trade	120,474	123,825	124,192	126,836	127,323
Transportation and Warehousing	43,674	43,418	43,474	44,907	44,941
Information	51,314	48,424	47,705	47,831	48,497
Finance and Insurance	69,498	70,555	71,986	70,938	68,804
Real Estate, Rental and Leasing	26,167	25,968	26,210	26,384	26,074
Professional and Technical Services	85,268	89,744	92,914	98,123	103,432
Management of Companies and Enterprises	17,652	19,581	21,524	22,659	23,347
Administrative and Waste Services	79,613	82,048	84,596	89,836	87,878
Educational Services	15,007	15,882	16,632	17,490	18,124
Health Care and Social Assistance	99,445	101,523	104,329	108,361	113,576
Arts, Entertainment and Recreation	16,325	16,633	17,448	17,582	20,701
Accommodation and Food Services	95,880	98,586	101,689	105,100	109,582
Other Services	35,324	35,178	35,335	35,855	37,258
Nonclassifiable	59	69	85	68	133
Government	<u>159,994</u>	<u>161,286</u>	<u>163,379</u>	<u>166,093</u>	<u>173,564</u>
Total	<u>1,139,124</u>	<u>1,161,334</u>	<u>1,185,588</u>	<u>1,211,220</u>	<u>1,236,638</u>

Source: Colorado Department of Labor and Employment

Principal Employers

Set forth in the following table are the ten largest employers in Denver for the current year and the period nine years prior, the number of persons each employs, and the percentage of total employment that each represents.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2009 (Continued)

**Principal Employers in Denver
Current Year and Nine Years Ago**

	2009			2000		
	<u>Employees</u>	<u>Rank</u>	<u>% of</u>	<u>Employees</u>	<u>Rank</u>	<u>% of</u>
			<u>Total City</u>			<u>Total City</u>
Denver Public School District #1	11,187	1	3.1%	9,523	2	2.5%
City and County of Denver	9,895	2	2.7%	11,418	1	3.0%
U. S. D. A. National Finance Center	8,546	3	2.4%	5,782	6	1.5%
State of Colorado Central Payroll	8,522	4	2.4%	9,061	4	2.3%
United Airlines, Inc.	4,903	5	1.4%	9,136	3	2.4%
Denver Health & Hospital Authority	4,808	6	1.3%	-	-	-
Qwest Corporation	4,177	7	1.2%	4,117	8	1.1%
Frontier Airlines	3,352	8	0.9%	-	-	-
HealthONE	3,332	9	0.9%	-	-	-
King Soopers	2,553	10	0.7%	-	-	-
Total	61,275		17.0%	49,037		12.8%

Source: Based on 2009 and 2000 Occupational Privilege Tax Remitters.

Retail Sales

The following table sets forth recent retail sales figures for Denver, the Denver-Aurora-Broomfield MSA and the State.

<u>Year</u>	Retail Sales (Sales in billions)					
	<u>Denver</u>		<u>Denver-Aurora Broomfield MSA</u>		<u>State of Colorado</u>	
	<u>Retail Sales</u>	<u>% Change</u>	<u>Retail Sales</u>	<u>% Change</u>	<u>Retail Sales</u>	<u>% Change</u>
2004	\$18.3	8.7%	\$62.2	8.5%	\$114.3	8.4%
2005	19.9	8.7	66.3	6.6	122.9	7.5
2006	22.3	12.0	71.8	8.3	133.5	8.6
2007	25.2	13.0	79.9	11.2	148.7	11.3
2008	26.7	5.8	81.9	2.6	152.7	2.7

Source: Colorado Department of Revenue

Construction

The S&P/Case-Shiller Home Price Indices measure the residential housing market, tracking changes in the value of the residential real estate market in 20 major metropolitan statistical areas across the United States, including the Denver-Aurora-Broomfield MSA (the “Composite-20”). These indices suggest that although home values in the Denver metropolitan area have declined, they have been more stable than those of the Composite-20. In January 2010, compared to the same month in 2009, Denver home price values were up approximately 2.6% while the Composite-20 average declined approximately 0.7%.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2009 (Continued)

Residential. Set forth in the following table are recent historical residential building permit statistics for Denver and the Denver metropolitan area.

New Residential Units in Denver and the Denver Metropolitan Area

<u>Year</u>	<u>Denver</u>				<u>Denver Metropolitan Area</u>			
	<u>Single Family Detached</u>	<u>Single Family Attached</u> ¹	<u>Multi-Family</u> ²	<u>Total</u>	<u>Single Family Detached</u>	<u>Single Family Attached</u> ¹	<u>Multi-Family</u> ²	<u>Total</u>
2005	1,842	735	140	2,717	14,487	4,212	459	19,158
2006	1,428	1,658	319	3,405	10,129	4,866	1,590	16,585
2007	1,216	1,600	389	3,205	6,560	3,733	2,761	13,054
2008	802	207	2,511	3,520	3,350	804	4,129	8,283
2009	398	62	24	482	2,166	502	280	2,948

¹ Generally includes owner occupied residential units such as duplexes, tri-plexes, townhomes and condominiums.

² Generally includes non-owner occupied residential units such as apartments.

Source: Metro Denver Economic Development Corporation and the Home Builders Association of Metropolitan Denver

New Privately Owned Housing Starts in the Denver-Aurora-Broomfield MSA

<u>Year</u>	<u>1 Unit</u>	<u>2 Units</u>	<u>3 and 4 Units</u>	<u>5+ Units</u>	<u>Total</u>
2005	17,745	160	188	2,756	20,849
2006	13,166	226	147	4,531	18,070
2007	7,859	236	138	5,984	14,217
2008	3,947	182	24	4,647	8,800
2009	2,709	92	21	1,279	4,101

Source: U.S. Census Bureau

Non-Residential. Set forth in the following table are recent historical building permit statistics for new non-residential construction for Denver.

Building Permits for New Non-Residential Construction in Denver
(Values in millions)

<u>Year</u>	<u>Permits</u>	<u>Value</u>
2005	1,481	\$195.5
2006	1,287	143.4
2007	1,070	203.4
2008	917	258.6
2009	697	137.3

Source: City and County of Denver, Building Department

Foreclosure Activity

The following table sets forth recent foreclosure statistics for Denver, the Denver-Aurora-Broomfield MSA, and the State as compiled by the Division of Housing of the Colorado Department of Local Affairs. House Bill 1197, passed during the 2009 legislative session of the State legislature, mandates that the foreclosure totals contained in the Division of Housing's quarterly reports are considered the official foreclosure statistics of the State.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2009 (Continued)

The foreclosure “filing” is the event that begins the foreclosure process. In general, when a borrower is at least three months delinquent and in default, the borrower will receive a “notice of election and demand” from the Public Trustee of the county in which the property is located. At this point, the property is in foreclosure. A foreclosure filing can be “cured” and “withdrawn” before the home is sold at auction, meaning that not all foreclosure filings result in a final foreclosure sale. Approximately 120 days after the initial filing, the property may be sold at the Public Trustee auction to a third party or to the mortgage company. Once the foreclosure sale takes place, eviction proceedings will proceed during the next several weeks.

The data in the table includes single family homes, condominiums and townhomes, as well as agricultural, industrial, commercial, and multi-family properties and vacant land; however, the Division of Housing reports that the number of nonresidential foreclosures included in these statistics are nominal. In addition, the table presents the total number of foreclosures filed, including foreclosures that were filed and subsequently redeemed or withdrawn.

Foreclosure Filings and Sales

Denver				
Year	Foreclosure Filings	% Change	Foreclosure Sales at Auction	% Change
2005	3,713 ¹	--	-- ²	--
2006	5,162	39.0%	3,178	--
2007	7,909	53.2	5,079	59.8%
2008 ³	6,212	(21.5)	4,362	(14.1)
2009	6,141	(1.1)	3,108	(28.7)

Denver-Aurora-Broomfield MSA				
Year	Foreclosure Filings	% Change	Foreclosure Sales at Auction	% Change
2005	14,130	--	-- ²	--
2006	19,087	35.1%	12,004	--
2007	26,700	39.9	17,404	45.0%
2008 ³	25,471	(4.6)	14,417	(17.2)
2009	25,947	1.9	11,894	(17.5)

State of Colorado				
Year	Foreclosure Filings	% Change	Foreclosure Sales at Auction	% Change
2005	21,782	--	12,699	--
2006	28,435	30.5%	17,451	37.4%
2007	39,920	40.4	25,054	43.6
2008 ³	39,333	(1.5)	21,306	(15.0)
2009	46,394	18.0	20,437	(4.1)

¹ This figure does not include data from Clear Creek County.

² Not included in the Division of Housing foreclosure reports.

³ Due to the legal change in the foreclosure process, foreclosure sales of new foreclosures filed during 2008 were not permitted during March and April, and legislation that took effect in August 2008 effectively prevented the issuance of a large number of notices of election and demand. The effect of these changes was to lessen the amount of foreclosure activity that could legally take place during the first, second and third quarters of 2008.

Source: Colorado Division of Housing Quarterly Foreclosure Reports

E - OPERATING INFORMATION

These schedules contain information about Denver Water's operations and resources to help the reader understand how Denver Water's financial information relates to the services Denver Water provides and the activities it performs.

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EMPLOYEES BY DIVISION¹: 2000 - 2009

Division/Section	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Manager & Staff Division²	7.0	15.0	15.0	14.0	14.0	14.0	13.0	13.0	13.0	13.0
Human Resources Division	22.8	20.0	19.0	24.8	27.8	27.8	27.8	27.0	25.0	25.0
Information Technology Division	69.0	61.0	57.8	58.8	57.8	59.8	61.8	57.8	53.8	48.0
Public Affairs Division										
Director of Public Affairs ²	4.0	8.0	7.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0
Community Relations	9.6	6.0	5.4	4.2	4.2	4.0	5.2	4.7	4.7	4.5
Conservation	17.0	15.0	12.0	10.0	9.8	12.0	12.0	10.0	7.0	6.0
Print Shop ³	-	-	-	-	-	-	-	3.0	4.0	4.0
Central Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Customer Care	41.2	43.0	39.2	37.0	35.0	36.0	35.0	28.0	25.5	24.0
CIS Business Support	5.0	-	-	-	-	-	-	-	-	-
Customer Services - Field	75.0	66.0	60.0	63.0	67.0	71.0	75.0	83.0	87.0	84.0
Meter Inspection Shop	5.0	8.0	7.0	5.0	-	-	-	-	-	-
Sales Administration	16.8	12.0	15.6	11.6	11.6	10.6	10.6	10.6	13.6	12.6
	176.6	161.0	149.2	139.8	137.6	143.6	147.8	149.3	151.8	145.1
Legal Division	14.6	12.0	13.8	13.3	12.3	13.5	12.5	13.5	13.5	13.5
Finance Division										
Director of Finance ²	2.0	9.0	9.0	10.0	9.0	9.0	9.0	9.0	7.0	8.0
Finance Computer Support	2.0	-	-	-	-	-	-	-	-	-
Treasury Operations	8.0	7.0	7.0	7.0	6.0	5.0	5.0	5.0	5.0	5.0
Budget	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Purchasing	9.0	8.0	8.0	9.0	9.0	9.0	8.0	8.0	7.0	8.0
Accounting	19.0	19.0	18.0	17.0	18.0	19.0	19.0	19.0	19.0	17.0
Rate Administration	4.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Records & Document Administration	9.0	6.0	6.0	8.0	6.0	6.0	8.0	8.0	12.0	12.0
	58.0	56.0	54.0	57.0	54.0	54.0	55.0	55.0	56.0	56.0
Engineering Division										
Administration ²	6.0	3.0	6.0	8.0	9.0	9.0	8.6	9.0	8.0	8.0
Programs & Projects	57.0	49.0	39.0	36.0	35.0	37.0	37.0	37.0	36.0	35.0
Survey	26.0	26.0	25.0	26.0	25.0	24.0	25.0	26.0	26.0	25.0
Distribution	40.0	41.0	39.0	37.0	38.0	38.0	37.0	39.0	39.0	38.0
Asset Recording	7.0	7.0	7.0	-	-	-	-	-	-	-
Construction Management	23.0	21.0	23.0	19.0	20.0	22.0	22.0	23.0	22.0	21.0
	159.0	147.0	139.0	126.0	127.0	130.0	129.6	134.0	131.0	127.0
Planning Division										
Director of Planning ²	3.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Environmental Planning	5.6	5.0	4.6	5.6	5.6	5.6	4.6	4.6	4.4	4.4
Raw Water Supply	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Water Rights	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Water Resources Analysis	11.0	11.0	10.8	10.7	10.8	10.8	10.8	10.8	10.0	10.0
Water Resource Planning	2.0	2.0	-	-	-	-	-	-	-	-
Demand Planning	4.0	4.0	4.0	4.0	4.0	3.0	4.0	4.0	4.0	5.0
Hydraulics	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
	46.6	45.0	41.4	42.3	42.4	41.4	42.4	42.4	41.4	42.4
Operations and Maintenance Division										
Plant Office ²	4.0	3.0	3.0	3.0	4.0	4.0	4.0	5.0	5.0	30.5
Water Quality & Compliance	33.0	32.0	32.0	31.8	31.8	31.8	31.0	30.0	30.5	12.0
Safety and Loss Control	16.0	15.0	14.0	13.0	14.0	15.0	12.0	12.0	11.0	5.0
Source of Supply	60.0	60.0	53.0	56.0	59.0	56.0	59.0	60.0	61.0	60.0
Water Treatment	89.0	92.0	90.0	86.0	88.0	83.0	79.0	69.0	68.0	66.0
Transmission & Distribution	149.0	145.0	144.0	154.0	156.0	157.0	158.0	163.0	159.0	162.0
Treated Water Operations	57.5	57.0	54.0	55.0	57.0	57.0	59.0	58.0	59.0	59.0
Instrumentation & Ctrl Systems	12.0	11.0	11.0	6.0	7.0	19.0	21.0	20.0	18.0	16.0
Maintenance and Warehouse	121.0	123.0	120.0	124.0	123.0	131.0	129.0	127.0	129.0	125.0
	541.5	538.0	521.0	528.8	539.8	553.8	552.0	544.0	540.5	535.5
Total All Divisions	1,095.1	1,055.0	1,010.2	1,004.8	1,012.7	1,037.9	1,041.9	1,036.0	1,026.0	1,005.5

¹Number of employees includes regular and introductory employees. Temporary and project employees are not included.

²Director positions were moved to their respective divisions and manager positions were moved to their respective sections in 2009.

³Print Shop transferred from Public Affairs to Information Technology in 2003.

ADDITIONS TO CAPITAL ASSETS - 2009

(Page 1 of 2)

(amounts expressed in thousands)

NEW FACILITIES

SOURCE OF SUPPLY

Land Acquisitions	\$ 14,945	
South Platte Downstream Storage - Gravel Pits	11,899	
Williams Fork Power Plant	4,285	
Water Rights	2,191	
Moffat Collection System	1,502	
Cheesman Dam	1,277	
Channel Improvements	1,102	
Marston Reservoir	636	
Antero Reservoir	204	
Gross Reservoir	192	
Gross Dam Hydro Power Plant	119	
Other Miscellaneous	114	
Total Source of Supply		38,466

PUMPING PLANT

Elizabeth Street Pump Station	96	
Lonetree Pump Station	82	
Lakeridge Pump Station	69	
56th Avenue Pump Station	49	
Capitol Hill Pump Station	35	
Montclair Recycle Pump Station	27	
Cherry Hills Pump Station	25	
Highlands Pump Station	23	
Hillcrest Pump Station	10	
Total Pumping Plant and Clear Water Storage		416

WATER TREATMENT

Marston Treatment Plant	7,791	
Foothills Treatment Plant	932	
Recycle Plant	53	
Moffat Treatment Plant	6	
Total Water Treatment		8,782

TRANSMISSION AND DISTRIBUTION

Conduit #94	1,888	
Distribution Mains & Hydrants	1,803	
Recycled Water Conduits/Distribution System/Projects	665	
Conduit #30	212	
Conduit #151	79	
Conduit #58	67	
Conduit #107	24	
Other Miscellaneous	20	
Conduit #25	17	
Conduit #161	16	
Conduit #99	13	
Total Transmission and Distribution		4,804

GENERAL PLANT

Westside	24	
Total General Plant		24

TOTAL NEW FACILITIES

52,492

ADDITIONS TO CAPITAL ASSETS - 2009

(Page 2 of 2)

(amounts expressed in thousands)

		<u>FACILITY REPLACEMENTS AND IMPROVEMENTS</u>	
SOURCE OF SUPPLY			
South Boulder Canal	\$	1,354	
Williams Fork Reservoir		467	
Dillon Reservoir		282	
Roberts Tunnel		265	
Conduit #20		249	
Ralston Reservoir		224	
Platte Canyon Reservoir		224	
Other Miscellaneous		163	
Jones Pass/Williams Fork Collection System		114	
Harriman Lake		102	
Moffat Tunnel		95	
Antero Reservoir		44	
Total Source of Supply		3,583	3,583
PUMPING PLANT			
Kendrick Pump Station		1,875	
Highlands Pump Station		707	
Broomfield Pump Station		694	
56th Avenue Pump Station		453	
Bellevue Pump Station		205	
Yale & Lamar Pump Station		161	
Capitol Hill Pump Station		91	
Hillcrest Pump Station		67	
Chatfield Pump Station		6	
Other Miscellaneous Pump Station		6	
Total Pumping Plant		4,265	4,265
WATER TREATMENT			
Foothills Treatment Plant		1,550	
Moffat Treatment Plant		735	
Recycled Water Plant		265	
Marston Treatment Plant		243	
Water Quality Lab		19	
Total Water Treatment		2,812	2,812
TRANSMISSION AND DISTRIBUTION & CLEAR WATER STORAGE			
Mains - Replace, Extend and Relocate		17,313	
Fire Hydrants - Replacements, Raise and Relocate		1,273	
Decentralization Stations		675	
Kendrick Filling Valve Vault		532	
Conduit #30		454	
Conduit #12		445	
Conduit #93		396	
Conduit #3		351	
Conduit #86		267	
Conduit #13		193	
Conduit #18		184	
Conduit #28		180	
Other Miscellaneous		176	
Conduit #92		130	
Conduit #53		124	
Conduit #27		107	
Conduit #17		106	
Total Transmission and Distribution & Clear Water Storage		22,906	22,906
GENERAL PLANT			
Westside		1,986	
Total General Plant		1,986	1,986
TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS		35,552	35,552
<u>GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS</u>			
Capitalized Software & IT Projects		10,028	
Motor Vehicles & Heavy Equipment		3,457	
General Equipment		999	
Computer Equipment		618	
TOTAL GENERAL EQUIPMENT		15,102	15,102
TOTAL PROPERTY, PLANT & EQUIPMENT ADDITIONS		\$103,146	\$103,146

CAPITAL ASSETS BY FUNCTION: 2000 - 2009
(amounts expressed in thousands)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
UTILITY PLANT IN SERVICE:										
Source of supply plant	\$ 577,785	\$ 524,366	\$ 490,413	\$ 477,999	\$ 458,168	\$ 448,308	\$ 419,350	\$ 400,248	\$ 391,499	\$ 382,873
Pumping plant	104,867	86,174	72,101	70,951	70,212	64,728	49,574	46,064	45,038	43,429
Water treatment plant	369,704	368,921	333,933	330,394	331,481	315,906	272,104	233,121	232,532	230,385
Transmission and distribution plant	862,572	830,307	774,953	747,966	726,563	696,718	652,700	605,581	585,059	605,138
General plant and equipment	131,128	116,207	111,993	113,928	103,899	100,246	99,278	91,114	88,926	86,668
Leasehold and other improvements	89,703	97,840	97,668	90,535	90,522	90,297	85,594	71,709	59,587	7,847
Land held for future use	14,257	14,249	14,321	14,050	14,050	14,050	14,062	14,063	14,073	14,073
Total utility plant in service	2,150,016	2,038,064	1,895,382	1,845,823	1,794,895	1,730,253	1,592,662	1,461,900	1,416,714	1,370,413
NONUTILITY PLANT IN SERVICE:										
Plant	8,738	8,830	8,795	8,802	8,949	9,127	8,927	7,549	7,636	7,637
General equipment	27	19	19	69	69	69	60	61	61	73
Idle plant	-	-	-	203	-	-	-	-	-	-
Total nonutility plant in service	8,765	8,849	8,814	9,074	9,018	9,196	8,987	7,610	7,697	7,710
UTILITY PLANT UNDER CAPITAL LEASE:										
Certificates of participation ¹	69,962	71,949	79,022	78,584	69,151	74,036	-	-	-	-
Other	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981
Total utility plant under capital lease	112,943	114,930	122,003	121,565	112,132	117,017	42,981	42,981	42,981	42,981
CONSTRUCTION IN PROGRESS										
Gross capital assets	77,340	109,316	155,813	119,506	89,040	75,196	226,875	199,453	121,104	71,177
ACCUMULATED DEPRECIATION AND AMORTIZATION										
Net capital assets	\$ 1,760,004	\$ 1,705,001	\$ 1,647,602	\$ 1,589,873	\$ 1,529,484	\$ 1,484,530	\$ 1,449,915	\$ 1,319,641	\$ 1,220,205	\$ 1,144,868

¹Assets under Certificates of Participation capital lease were reclassified from Water Treatment Plant in 2004.

RECEIPTS AND EXPENDITURES
 BUDGET TO ACTUAL COMPARISON 2005 - 2009 AND 2010 BUDGET (CASH BASIS)
 (amounts expressed in thousands)

	2010		2009		2008		2007		2006		2005	
	Budget	Revised Budget	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	\$ 194,012	\$ 198,311	\$ 198,311	\$ 198,311	\$ 226,160	\$ 226,160	\$ 149,198	\$ 149,198	\$ 159,276	\$ 159,276	\$ 154,996	\$ 155,626
RECEIPTS FROM:												
Sale of water	223,305	212,028	212,028	188,293	207,219	204,232	189,814	194,225	164,333	195,054	169,492	157,902
Drought Surcharge	-	-	-	-	-	-	-	-	-	-	(2,657)	68
Nonoperating, interest & other	16,168	20,576	20,576	18,274	17,865	25,284	17,165	24,074	14,976	25,254	15,202	12,391
System development charges	8,000	8,000	17,016	9,013	22,981	19,138	27,843	26,214	25,654	22,389	22,586	26,280
Developer participation (new facilities) & Reimbursements & grants	4,863	11,605	11,605	10,938	3,717	5,197	7,672	3,315	7,683	4,321	3,043	2,612
	252,336	252,209	261,225	226,518	251,782	253,851	242,494	247,828	212,646	247,018	207,666	199,253
Sale of bonds	39,000	44,075	44,075	44,000	-	1,800	50,000	99,158	40,000	-	25,000	30,500
Total receipts	291,336	296,284	305,300	270,518	251,782	255,651	292,494	346,986	252,646	247,018	232,666	229,753
LESS EXPENDITURES FOR:												
Operations, maintenance & refunds	178,177	152,021	154,704	153,182	139,655	139,813	124,803	118,760	116,770	114,980	107,294	111,379
Debt service	50,525	51,933	51,933	50,800	49,495	49,604	54,392	53,909	47,398	46,264	44,428	44,732
	228,702	203,954	206,637	203,982	189,150	189,417	179,195	172,669	164,168	161,244	151,722	156,111
Capital improvements (new facilities)	52,818	43,235	32,945	32,568	44,932	41,813	61,012	58,793	50,400	59,246	43,325	30,848
System replacements	30,755	31,148	32,662	21,653	26,025	24,291	22,318	16,463	21,289	17,431	21,074	19,055
Equipment	10,552	20,954	21,588	14,927	16,687	16,693	15,732	7,749	13,853	7,083	12,878	8,334
	94,125	95,337	87,195	69,148	87,644	82,797	99,062	83,005	85,542	83,760	77,277	58,237
Indirects to capital	15,738	11,512	11,512	15,429	14,637	11,286	12,007	14,350	11,990	12,092	11,381	11,755
Total expenditures	338,565	310,803	305,344	288,559	291,431	283,500	290,264	270,024	261,700	257,096	240,380	226,103
Cash Balance Adjustment				13,742 ¹								
ENDING CASH & INVESTMENTS	\$ 146,783	\$ 183,792	\$ 198,267	\$ 194,012	\$ 186,511	\$ 198,311	\$ 151,428	\$ 226,160	\$ 150,222	\$ 149,198	\$ 147,282	\$ 159,276

GENERAL EXPLANATION OF VARIANCES:

¹This variance is explained by the timing of payments that were made in January, 2010 from a cash perspective but were accounted for in December 2009 from an accrual basis.

At the request of the Board of Water Commissioners, the 2009 Revised Budget reflects reductions in operating costs and increased capital expenditures to

include accelerating any projects that could have a positive economic impact.

Variances in operating receipts are generally due to abnormal climatic conditions.

Variances in system development charges are generally related to levels of activity in the home building industry.

Variances in capital improvements are generally due to changes in project scheduling.

Cash and investments do not agree with amounts on the Statements of Net Assets.

Variance in beginning 2005 Cash & Investments Budget-Actual is due to Treasury's year end adjustment.

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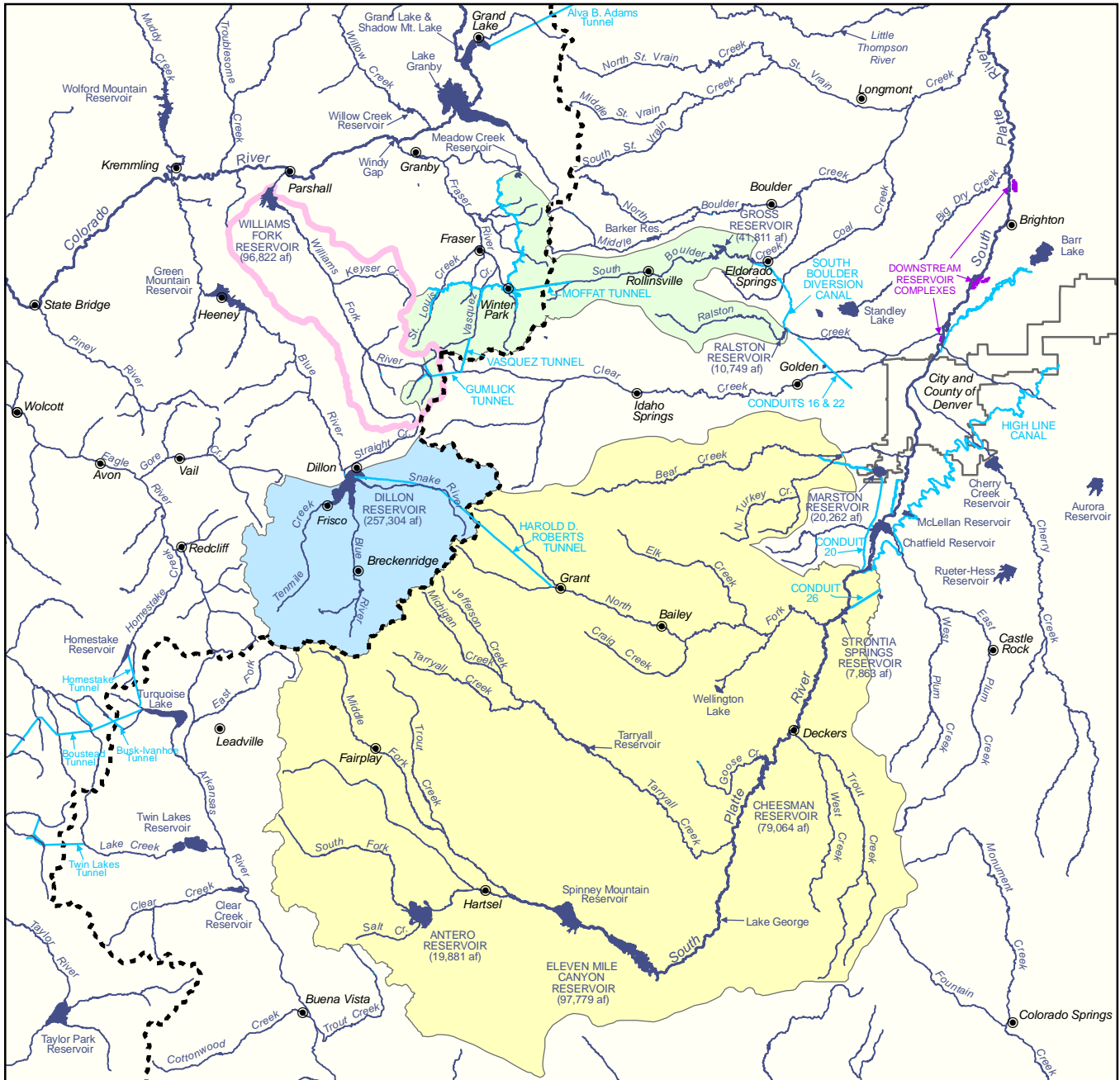
Supply

2009 Facts

Raw water collected	276,895	Acre Feet
Percent of average yield-last 10 years	93%	
Percent from South Platte System	50%	
Percent from Moffat System	29%	
Percent from Roberts Tunnel System	21%	
Reservoir storage, January 1	612,097	Acre Feet
Percent of capacity	90.5%	
Reservoir storage, December 31	614,044	Acre Feet
Percent of capacity	90.8%	
Power generation (excluding power purchased).....	75,026,392	KWH
Value of power generation (excluding power purchased)..	\$4,531,594	

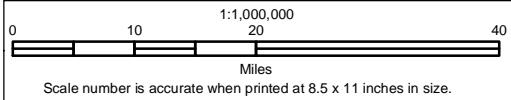
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City and County of Denver Board of Water Commissioners Water Collection System



LEGEND

South Platte Collection System	Continental Divide
Roberts Tunnel Collection System	Major Canal or Tunnel
Moffat Collection System	Major Stream or River
Williams Fork Reservoir Watershed	Town
Major Lake or Reservoir	



This Geographic Information Systems (GIS) map is provided 'as is' with no claim by the Denver Water Board as to the completeness, usefulness or accuracy of its content.
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SOURCE OF SUPPLY - 2009
Reservoirs and Collection Systems

(Page 1 of 2)

	<u>Capacity in Acre-Feet</u>	<u>Capacity in Million Gals.</u>
RAW WATER STORAGE		
Storage Reservoirs:		
Dillon	254,036	82,777.9
Eleven Mile Canyon	97,779	31,861.4
Cheesman	79,064	25,763.1
Gross	41,811	13,624.2
Antero	20,015	6,521.9
Chatfield	27,428	8,937.4
Soda Lakes (Board owns 35.16% of water)	645	210.2
Total Storage Reservoirs	<u>520,778</u>	<u>169,696.0</u>
Operating Reservoirs:		
Marston Lake	19,796	6,450.5
Ralston	10,749	3,502.6
Strontia Springs	7,863	2,562.2
Long Lakes	1,787	582.3
Platte Canyon	910	296.5
Total Operating Reservoirs	<u>41,105</u>	<u>13,394.1</u>
TOTAL RAW WATER STORAGE	<u><u>561,883</u></u>	<u><u>183,090.1</u></u>
 REPLACEMENT RESERVOIRS		
Williams Fork	96,822	31,549.5
Wolford Mountain (Board owns 40% of water)	25,610	8,345.0
Total Replacement Reservoirs	<u>122,432</u>	<u>39,894.6</u>
 MOUNTAIN COLLECTION SYSTEM		
	<u>Length in Feet</u>	<u>Length in Miles</u>
Moffat Collection System:		
Concrete and Steel Pipe	97,049	18.4
Moffat Water Tunnel	32,383	6.1
Open Canals	16,943	3.2
Covered Canals	21,081	4.0
Other Tunnels	10,953	2.1
Total Moffat Collection System	<u>178,409</u>	<u>33.8</u>
Williams Fork Collection System:		
Steel Pipe	18,939	3.6
Vasquez Tunnel	17,874	3.4
A. P. Gumlick Tunnel	15,572	3.0
Open Canals	1,795	0.3
Total Williams Fork Collection System	<u>54,180</u>	<u>10.3</u>
Roberts Tunnel	<u>122,953</u>	<u>23.3</u>
South Boulder Diversion Conduit:		
Open Canals	30,250	5.7
Concrete and Steel Pipe	13,948	2.6
Tunnels	7,704	1.5
Covered Canals	1,748	0.3
Total South Boulder Diversion Conduit	<u>53,650</u>	<u>10.1</u>
TOTAL MOUNTAIN COLLECTION SYSTEM	<u><u>409,192</u></u>	<u><u>77.5</u></u>

Supply Mains and Wells

RAW WATER SUPPLY MAINS

	<u>Size</u>	<u>Kind of Pipe</u>	<u>Capacity in MGD</u>	<u>Length in Feet</u>	<u>Length in Miles</u>
Conduit 5:	24"	Cast Iron		23	0.0
	24"	Ductile Iron		2,823	0.5
	30"	Cast Iron		63	0.0
	30"	Concrete		24,743	4.7
	30"	Steel		50	0.0
	36"	Concrete		1,168	0.2
Total Conduit 5				<u>28,870</u>	<u>5.5</u>
Conduit 8:	36"	Cast Iron		1,515	0.3
	36"	Concrete		2,424	0.5
	36"	Steel		679	0.1
	60"	Steel		523	0.1
	84"	Steel		15	0.0
	90"	Steel		14	0.0
Total Conduit 8				<u>5,170</u>	<u>1.0</u>
Conduit 14:	48"	Concrete	32.0	<u>3,410</u>	<u>0.6</u>
Conduit 15:	60"	Reinforced Concrete Cyl		8,065	1.5
	60"	Steel		11,158	2.1
	72"	Reinforced Concrete Cyl		5,631	1.1
	72"	Steel		6,185	1.2
Total Conduit 15		100.0	<u>31,039</u>	<u>5.9</u>	
Conduit 16:	42"	Reinforced Concrete Cyl		45,215	8.6
	42"	Steel		510	0.1
Total Conduit 16		62.0	<u>45,725</u>	<u>8.7</u>	
Conduit 20:	60"	Concrete		119	0.0
	60"	Steel		509	0.1
	84"	Steel		548	0.1
	90"	Steel - cement mortar coating		52	0.0
	90"	Concrete		62,479	11.8
	90"	Reinforced Concrete Non-Cyl		457	0.1
Total Conduit 20		222.0	<u>64,164</u>	<u>12.2</u>	
Conduit 22:	54"	Concrete		44,325	8.4
	54"	Steel		510	0.1
Total Conduit 22		137.0	<u>44,835</u>	<u>8.5</u>	
Conduit 26:	120"	Steel		17,935	3.4
	120"	Reinforced Concrete Cyl		30	0.0
	126"	Concrete-Lined Tunnel		1,732	0.3
Total Conduit 26		750.0	<u>19,697</u>	<u>3.7</u>	
TOTAL RAW WATER SUPPLY MAINS				<u>242,910</u>	<u>46.0</u>

INFILTRATION GALLERIES & WELLS

	<u>Capacity in MGD</u>
Cherry Creek Wells: Well O	1.2
Farnell Lane Well Field	- ²

¹Less than 0.1 mile.

²Alternative uses for supplies from the Farnell Lane Well Field are presently under study.

POWER GENERATION, PURCHASE, DISTRIBUTION, AND BANKING

POWER GENERATION AND PURCHASE	<u>Kilowatt Hours</u>	<u>Value²</u>
Net Power Generation: ¹		
Dillon	12,124,905	\$ 492,675
Foothills	9,933,080	681,229
Gross	19,238,549	1,255,194
Hillcrest	7,994,000	429,741
Roberts Tunnel	7,973,848	802,839
Strontia Springs	5,973,778	256,659
Williams Fork	11,788,232	613,257
Total Power Generation	<u>75,026,392</u>	<u>4,531,594</u>
Power Purchased for Department of Energy (DOE) power interference	<u>6,846,361</u>	<u>259,813</u>
TOTAL POWER GENERATION AND PURCHASE	<u>81,872,753</u>	<u>4,791,407</u>
POWER DISTRIBUTION		
Internal Power Consumption: ¹		
Foothills	4,782,563	327,997
Hillcrest	505,281	27,163
Total Internal Power Consumption	<u>5,287,844</u>	<u>355,160</u>
Power Deliveries:		
To Xcel Energy:		
Dillon	12,124,905	492,675
Foothills	5,150,517	353,232
Gross	19,238,549	1,255,194
Hillcrest	7,488,719	402,578
Roberts Tunnel	7,973,848	802,839
Strontia Springs	5,973,778	256,659
	<u>57,950,316</u>	<u>3,563,177</u>
To Tri-State Generation and Transmission Association:		
Williams Fork	11,788,232	613,257
Total Power Deliveries to Xcel and Tri-State	<u>69,738,548</u>	<u>4,176,434</u>
Total Power Generation	75,026,392	4,531,594
To DOE for Power Interference:		
Williams Fork	-	-
Purchased Power	6,846,361	259,813
Total Power Deliveries to DOE	<u>6,846,361</u>	<u>259,813</u>
TOTAL POWER DISTRIBUTION	<u>81,872,753</u>	<u>4,791,407</u>
DOE BANKED POWER INTERFERENCE ACCOUNT ³		
Balance, Beginning of Year	49,276,891	1,478,307
Net Interference	(10,174,394)	(305,232)
Total Allocation	6,734,968	202,049
Balance, End of Year	<u>45,837,465</u>	<u>\$ 1,375,124</u>

¹Net Power Generation is total generation less station service (except Foothills and Hillcrest) and transmission wheeling losses. Value of Williams Fork power and that consumed by Foothills and Hillcrest based on PSC tariff schedule TT, June 4, 1988.

²Values on this schedule represent the value of power produced and distributed and do not relate to power sales on other schedules.

³Value based on 30 mills/kwh (approximate average of PSC and DOE rates).

POWER VALUE, COST, AND RETURN ON INVESTMENT

	Power Plant							Total
	<u>Dillon</u>	<u>Foothills</u>	<u>Gross</u>	<u>Hillcrest</u>	<u>Roberts Tunnel</u>	<u>Strontia Springs</u>	<u>Williams Fork</u>	
Date of Commercial Operation:	Oct 1, 1987	May 25, 1985	Aug 1, 2007	Jun 30, 1993	Jan 30, 1988	Aug 11, 1986	July 25, 1959	
VALUE OF POWER GENERATION ¹								
Delivered to Xcel Energy	\$492,675	\$353,232	\$1,255,194	\$402,578	\$802,839	\$256,659	-	\$3,563,177
Foothills Internal Consumption	-	327,997	-	-	-	-	-	\$327,997
Hillcrest Internal Consumption	-	-	-	27,163	-	-	-	\$27,163
Delivered to Tri-State	-	-	-	-	-	-	613,257	613,257
TOTAL VALUE	<u>492,675</u>	<u>681,229</u>	<u>1,255,194</u>	<u>429,741</u>	<u>802,839</u>	<u>256,659</u>	<u>613,257</u>	<u>4,531,594</u>
COST OF POWER GENERATION								
Transmission Wheeling	-	15,937	-	-	22,514	-	-	38,451
Operation and Maintenance	143,876	133,018	25,309	52,061	166,209	125,416	185,437	831,326
Administrative Expense	32,351	42,294	5,996	11,382	46,274	35,658	39,869	213,824
Depreciation	91,241	74,771	279,487	127,611	127,425	42,178	125,152	867,865
TOTAL COST	<u>267,468</u>	<u>266,020</u>	<u>310,792</u>	<u>191,054</u>	<u>362,422</u>	<u>203,252</u>	<u>350,458</u>	<u>1,951,466</u>
Net Return (Loss)	<u>\$225,207</u>	<u>\$415,209</u>	<u>\$944,402</u>	<u>\$238,687</u>	<u>\$440,417</u>	<u>\$53,407</u>	<u>\$262,799</u>	<u>\$2,580,128</u>
Plant Investment (Before Depreciation)	<u>\$4,474,757</u>	<u>\$2,936,645</u>	<u>\$20,997,040</u>	<u>\$6,292,281</u>	<u>\$6,007,230</u>	<u>\$1,733,652</u>	<u>\$4,054,234</u>	<u>\$46,495,839</u>
Return on Investment	<u>5%</u>	<u>14%</u>	<u>4%</u>	<u>4%</u>	<u>7%</u>	<u>3%</u>	<u>6%</u>	<u>6%</u>

¹Values on this schedule represent the value of power produced and distributed and do not relate to power sales on other schedules.

WATER SUPPLY, USE AND STORAGE: 2000 - 2009

Values in acre-feet

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
SUPPLY										
South Platte System:										
South Platte Direct Rights	84,365	67,152	103,166	63,190	73,934	62,054	62,319	34,238	67,216	78,106
South Platte Storage Rights	39,402	31,786	40,192	15,812	59,502	26,738	43,562	4,686	43,142	38,406
Bear Creek Rights	1,178	1,862	1,930	1,234	2,302	4,100	15,062	901	1,844	908
Total South Platte System	124,945	100,800	145,288	80,236	135,738	92,892	120,943	39,825	112,202	117,420
Blue River/Roberts Tunnel System	58,468	80,056	65,682	127,074	94,470	75,984	164,294	56,848	102,282	102,750
Effluent Exchange ¹	13,846	21,455	23,266	33,632	19,012	27,086	24,039	19,031	17,724	16,492
Moffat System:										
Fraser Collection System	37,640	58,490	34,090	65,034	48,190	43,408	65,458	21,678	51,288	49,355
Williams Fork Collection System	31,138	26,268	34,608	41,970	52,478	41,154	94,912	14,906	50,772	37,038
Cabin-Meadow Creek System	4,668	3,794	5,866	6,574	4,424	5,074	5,020	3,582	5,716	6,406
South Boulder Creek	4,816	0	7,708	-	4,388	-	6,814	-	2,810	-
Ralston Creek	1,374	290	2,792	-	3,054	498	1,054	-	132	438
Total Moffat System	79,636	88,842	85,064	113,578	112,534	90,134	173,258	40,166	110,718	93,237
Total Water Supply	276,895	291,153	319,300	354,520	361,754	286,096	482,534	155,870	342,926	329,899
USE										
Foothills Filters	117,784	117,973	141,468	135,774	124,411	118,945	120,069	158,720	141,775	165,448
Marston Filters	31,853	56,498	43,303	34,633	30,008	25,097	38,434	54,829	59,612	44,699
Moffat Filters	40,910	46,438	31,507	58,907	55,802	41,864	42,149	17,642	47,480	45,849
Total Water Filtered	190,547	220,909	216,278	229,314	210,221	185,906	200,652	231,192	248,866	255,996
Change in Clear Water Storage	52	(23)	17	8	(83)	3	52	(346)	(128)	518
Total Treated Water Delivered ²	190,599	220,886	216,295	229,323	210,138	185,909	200,704	230,845	248,738	256,514
Raw Water Deliveries	25,717	30,079	26,830	43,061	32,726	38,535	43,136	44,454	29,040	38,478
Other Uses ³	58,632	39,620	61,234	63,356	37,638	66,181	38,680	106,982	66,240	79,904
Evaporation Losses ⁴	-	-	-	-	-	-	8,804	8,242	8,310	8,995
Total Water Use	274,948	290,585	304,359	335,739	280,502	290,625	291,324	390,523	352,328	383,891
STORAGE⁵										
Total Reservoir Storage, December 31	614,044	612,097	611,529	596,588	577,807	496,555	501,084	309,874	544,527	553,929
Total Reservoir Storage, January 1	612,097	611,529	596,588	577,807	496,555	501,084	309,874	544,527	553,929	607,921
Storage Gain or (Loss)	1,947	568	14,941	18,781	81,252	(4,529)	191,210	(234,653)	(9,402)	(53,992)

¹Initiated exchange programs for Blue River effluent on September 10, 1976.

²Total Treated Water Delivered is determined by adding or subtracting Change in Clear Water Storage from Total Water Filtered.

³Other Uses include, but are not limited to, evaporation, carriage losses, seepage losses, Chatfield bypasses, flood bypasses, substitution and releases for power production and maintenance projects.

⁴Evaporation losses included in Other Uses beginning in 2004.

⁵Reservoirs used to compute total storage changed for the 2002 report. 1998-2001 data were adjusted for this change.

Pumping

2009 Facts

Treated Water pumped - Current year	38,198.9	MG ¹
Treated Water pumped - Last year	50,283.7	MG ¹
Percentage increase (decrease) from last year	(24)%	
Number of treated water pump stations	18	
Maximum pumping capacity	1,095.9	MGD ²
Pumping energy costs (Treated Water) - Current year	\$2,414,444	
Pumping energy costs (Treated Water) - Last year	\$3,325,232	
Percentage increase from last year	(27)%	

¹Million Gallons

²Million Gallons per Day

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PUMPING STATION CAPACITIES - 2009

(Page 1 of 3)

Center of pump U.S.G.S. elevation in parentheses

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse-power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>	<u>Method of Operation¹</u>	
BELLEVIEW (5,714) (High Pressure)	4	Goulds	Ideal Electric	900	260	15.0	M	R
	5	Worthington	Westinghouse	300	260	5.0	M	R
	6	Goulds	US Motor	700	271	10.0	M	R
	7	Worthington	General Electric	900	260	15.0	M	R
				<u>2,800</u>		<u>45.0</u>		
BELLEVIEW (5,714) (Low Pressure)	1	Goulds	General Electric	250	175	6.0	M	R
	2	Goulds	General Electric	400	175	10.0	M	R
				<u>650</u>		<u>16.0</u>		
BROOMFIELD (5,316)	1	Patterson	Ideal Electric	400	350	5.0	M	R
	2	Patterson	Ideal Electric	400	350	5.0	M	R
	3	Patterson	Ideal Electric	400	350	5.0	M	R
	4	Goulds	US Motor	500	300	6.5	M	R
				<u>1,700</u>		<u>21.5</u>		
CAPITOL HILL (5,387)	3	Wheeler Economy	General Electric	800	175	20.0	M	R
	4	Byron Jackson	General Electric	400	175	12.0	M	R
	5	Cameron	General Electric	700	164	20.0	M	R
	6	Byron Jackson	Westinghouse	600	175	17.0	M	R
	7	Byron Jackson	Westinghouse	800	175	23.0	M	R
				<u>3,300</u>		<u>92.0</u>		
CASTLEWOOD (5,785) ²	1	Peerless	US Motor	10		0.5	M	L
	2	Peerless	General Electric	40		1.5	M	L
	3	Peerless	General Electric	100		4.2	M	L
				<u>150</u>		<u>6.2</u>		
CHATFIELD (5,717) (Low Pressure)	1	ITT	US Motor	200	150	5.0	M	R
	2	ITT	US Motor	200	150	5.0	M	R
	3	ITT	US Motor	200	150	5.0	M	R
				<u>600</u>		<u>15.0</u>		
CHATFIELD (5,717) (High Pressure)	5	ITT	US Motor	400	320	5.0	M	R
	6	ITT	US Motor	400	320	5.0	M	R
				<u>800</u>		<u>10.0</u>		
CHERRY HILLS (5,380)	1	Worthington	General Electric	1,000	220	20.0	M	R
	2	Worthington	General Electric	1,000	220	20.0	M	R
	3	Worthington	General Electric	1,000	220	20.0	M	R
	4	Worthington	General Electric	1,000	220	20.0	M	R
	5	Worthington	General Electric	1,000	220	20.0	M	R
	6	Worthington	General Electric	1,000	220	20.0	M	R
				<u>6,000</u>		<u>120.0</u>		
CLARKSON (5,482) ²	1	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	2	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	3	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	4	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	5	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	6	Fairbanks Morse	Reliance Electric	150	234	2.1	M	R
				<u>900</u>		<u>12.6</u>		
EINFELDT (5,341)	2	Wheeler Economy	General Electric	800	175	20.0	M	R
	3	Byron Jackson	General Electric	600	175	17.0	M	R
	4	Byron Jackson	General Electric	400	175	12.0	M	R
	5	Byron Jackson	Westinghouse	200	175	5.3	M	R
	6	Worthington	General Electric	800	175	20.0	M	R
	7	Wheeler Economy	General Electric	800	175	20.0	M	R
					<u>3,600</u>		<u>94.3</u>	

¹M=Manual, R=Remote, L=Local

²Vault Type Structure (underground)

(Continued next page)

PUMPING STATION CAPACITIES - 2009
Center of pump U.S.G.S. elevation in parentheses

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse-power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>	<u>Method of Operation¹</u>	
FIFTY-SIXTH AVENUE (5,203)	2	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	3	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	4	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	5	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	8	Gould	U.S. Motor	500	75	30.0	M	R
	9	Gould	U.S. Motor	500	75	30.0	M	R
				<u>8,000</u>		<u>120.0</u>		
GREEN MOUNTAIN (5,837)	1	Patterson	General Electric	700	260	10.0	M	R
	2	Patterson	General Electric	350	260	5.0	M	R
	3	Patterson	General Electric	350	260	5.0	M	R
	4	Patterson	General Electric	700	260	10.0	M	R
				<u>2,100</u>		<u>30.0</u>		
HIGHLANDS (5,704) (Low Pressure)	1	Fairbanks Morse	General Electric	125	165	3.0	M	R
	2	Fairbanks Morse	General Electric	125	165	3.0	M	R
	3	Fairbanks Morse	General Electric	125	165	3.0	M	R
	4	Fairbanks Morse	General Electric	125	165	3.0	M	R
	5	DeLaval	Ideal Electric	350	165	10.0	M	R
	6	DeLaval	Ideal Electric	350	165	10.0	M	R
	7	DeLaval	Ideal Electric	350	165	10.0	M	R
				<u>1,550</u>		<u>42.0</u>		
HIGHLANDS (5,704) (High Pressure)	1	Gould	General Electric	900	260	15.0	M	R
	4	Gould	General Electric	900	260	15.0	M	R
	6	Gould	General Electric	300	110	10.0	M	R
	7	Gould	General Electric	300	110	10.0	M	R
	8	Gould	General Electric	150	110	5.0	M	R
9	Gould	General Electric	150	110	5.0	M	R	
				<u>2,700</u>		<u>60.0</u>		
HILLCREST (5,602) (Low Pressure)	1	Allis Chalmers	Allis Chalmers	50	169	1.0	M	R
	2	Allis Chalmers	Allis Chalmers	100	167	2.0	M	R
	3	DeLaval	Electric Machinery	200	163	5.0	M	R
	4	DeLaval	Electric Machinery	400	163	11.0	M	R
	5	DeLaval	Electric Machinery	400	163	11.0	M	R
	6	Worthington	Fairbanks Morse	400	163	11.0	M	R
	7	Worthington	Fairbanks Morse	400	163	11.0	M	R
				<u>1,950</u>		<u>52.0</u>		
HILLCREST (5,602) (High Pressure)	8	American Marsh	Westinghouse	75	320	0.8	M	R
	9	Gould	US Motor	1,500	330	20.0	M	R
	10	DeLaval	Electric Machinery	350	313	4.8	M	R
	11	DeLaval	Electric Machinery	800	315	10.5	M	R
	12	DeLaval	Electric Machinery	800	315	10.5	M	R
13	Patterson	Ideal Electric	900	320	10.0	M	R	
				<u>4,425</u>		<u>56.6</u>		
KENDRICK (5,607) (Low Pressure)	1	Peerless	US Motor	300	120	10.6	M	R
	2	Peerless	US Motor	200	120	6.7	M	R
	3	Peerless	US Motor	100	120	3.3	M	R
	4	Peerless	US Motor	100	120	3.3	M	R
	5	Peerless	US Motor	100	120	3.3	M	R
				<u>800</u>		<u>27.2</u>		

¹M=Manual, R=Remote, L=Local

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PUMPING STATION CAPACITIES - 2009
Center of pump U.S.G.S. elevation in parentheses

(Page 3 of 3)

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse-power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>	<u>Method of Operation¹</u>
KENDRICK (5,607) (High Pressure)	7	Worthington	Electric Machinery	800	260	10.0	M R
	8	Worthington	Electric Machinery	800	260	10.0	M R
	9	Goulds	Waukesha ³	700	260	10.0	M R
	10	DeLaval	Waukesha ³	400	260	5.0	M R
	11	Patterson	Ideal Electric	700	260	10.0	M R
				<u>3,400</u>		<u>45.0</u>	
LAKERIDGE (5,516)	1	American Marsh	General Electric	25	120	0.7	M R
	2	American Marsh	General Electric	75	120	2.9	M R
	3	American Marsh	General Electric	75	120	2.9	M R
	4	American Marsh	General Electric	60	120	1.7	M R
				<u>235</u>		<u>8.2</u>	
LAMAR (5,443) ²	1	Worthington	Marathon Electric	100	120	2.9	M R
	2	Worthington	Marathon Electric	100	120	2.9	M R
	3	Worthington	Fairbanks Morse	75	120	2.0	M R
				<u>275</u>		<u>7.8</u>	
LONE TREE (5,904) (Low Pressure)	3	Gould	Siemens & Allis	300	127	10.0	M R
	4	Gould	Siemens & Allis	150	127	5.0	M R
	5	Gould	Siemens & Allis	150	127	5.0	M R
				<u>600</u>		<u>20.0</u>	
LONE TREE (5,904) (High Pressure)	6	Gould	Siemens & Allis	300	227	5.0	M R
	7	Gould	Siemens & Allis	600	227	10.0	M R
	8	Gould	Siemens & Allis	600	227	10.0	M R
				<u>1,500</u>		<u>25.0</u>	
MARSTON (5,485) (Low Pressure)	1	Worthington	Waukesha ³	700	166	20.0	M R
	2	Worthington	General Electric	700	166	20.0	M R
	3	Worthington	General Electric	700	166	20.0	M R
	4	Worthington	General Electric	700	166	20.0	M R
	5	Worthington	General Electric	700	166	20.0	M R
				<u>3,500</u>		<u>100.0</u>	
MARSTON (5,485) (High Pressure)	8	Patterson	Waukesha ³	400	260	6.5	M R
	9	Ingersoll-Rand	Reliance Electric	500	260	8.0	M R
	10	Gould	US Motor	900	260	15.0	M R
	11	Gould	US Motor	900	260	15.0	M R
				<u>2,700</u>		<u>44.5</u>	
SIXTY-FOURTH AVENUE (5,427) (Low Pressure)	3	Fairbanks Morse	United States	100	90	5.0	M R
	6	Fairbanks Morse	United States	200	90	10.0	M R
				<u>300</u>		<u>15.0</u>	
SIXTY-FOURTH AVENUE (5,427) (High Pressure)	1	Fairbanks Morse	United States	400	170	10.0	M R
			Grand Total	<u>54,935</u>		<u>1,095.9</u>	

Note: City Datum = 5,172.91

¹M=Manual, R=Remote, L=Local

²Vault Type Structure (underground)

³Natural Gas Engine

TREATED WATER PUMPED AND POWER COSTS: 1990 - 2009

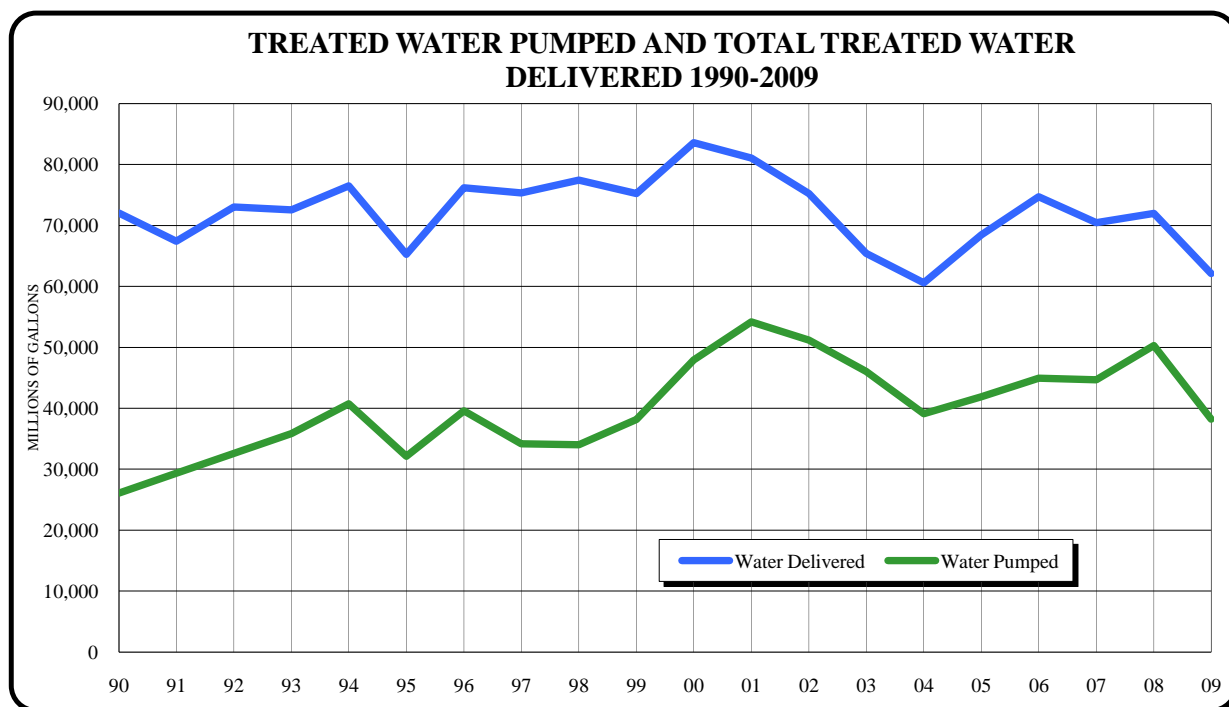
Year	Total Treated Water Pumped (million gals.)	Total Treated Water Delivered (million gals.)	Pumps		Treated Water Total Pumping Power Used (kwh) ¹	Gas Used (dth)	Total Power, Electric and Gas Costs ²
			Number	Capacity (million gals.)			
1990 ³	26,089.81	72,043.94	113	1,091.8	27,734,829	-	\$1,814,124
1991	29,349.37	67,435.91	113	1,091.8	27,167,261	-	\$1,778,200
1992	32,613.51	73,043.27	113	1,091.8	29,349,535	-	\$1,782,578
1993	35,826.13	72,562.61	113	1,091.8	31,537,298	-	\$1,800,790
1994	40,720.24	76,516.08	116	1,116.8	36,619,984	-	\$1,949,520
1995	32,115.03	65,267.91	116	1,116.8	30,722,542	-	\$1,783,567
1996	39,578.30	76,203.96	105	1,027.5	40,222,555	-	\$2,638,872
1997	34,179.67	75,363.33	105	1,027.5	31,876,334	23,055	\$1,997,924
1998	33,990.21	77,466.65	105	1,027.5	30,170,882	38,331	\$1,881,873
1999	38,149.92	75,232.01	106	1,052.5	33,378,202	18,927	\$1,915,984
2000	47,953.92	83,585.25	106	1,052.5	39,257,987	20,159	\$2,166,806
2001	54,161.28	81,051.42	106	1,052.5	42,691,836	15,096	\$2,774,857
2002	51,205.33	75,221.18	109	1,070.6	46,058,108	7,217	\$1,986,429
2003	46,030.79	65,399.47	110	1,077.1	33,489,508	1,858	\$2,322,558
2004	39,105.07	60,578.77	110	1,077.1	35,898,176	-	\$2,820,144
2005	41,890.71	68,473.70	110	1,096.3	38,384,576	-	\$3,686,475
2006	44,937.60	74,724.98	110	1,096.3	44,823,999	-	\$3,247,213
2007	44,684.79	70,479.84	112	1,097.4	38,635,526	-	\$2,942,190
2008 ⁴	50,283.70	71,975.87	112	1,097.4	33,898,600	-	\$3,583,417
2009	38,198.90	62,106.90	112	1,095.9	27,801,487	-	\$2,568,082

¹Years prior to 2008 included some raw water pumping and a portion of power used at the treatment plants.

²Total energy costs for all Denver metropolitan area Board treated water distribution facilities.

³Foothills Treatment Plant out of service from October 16, 1989 through March 2, 1990.

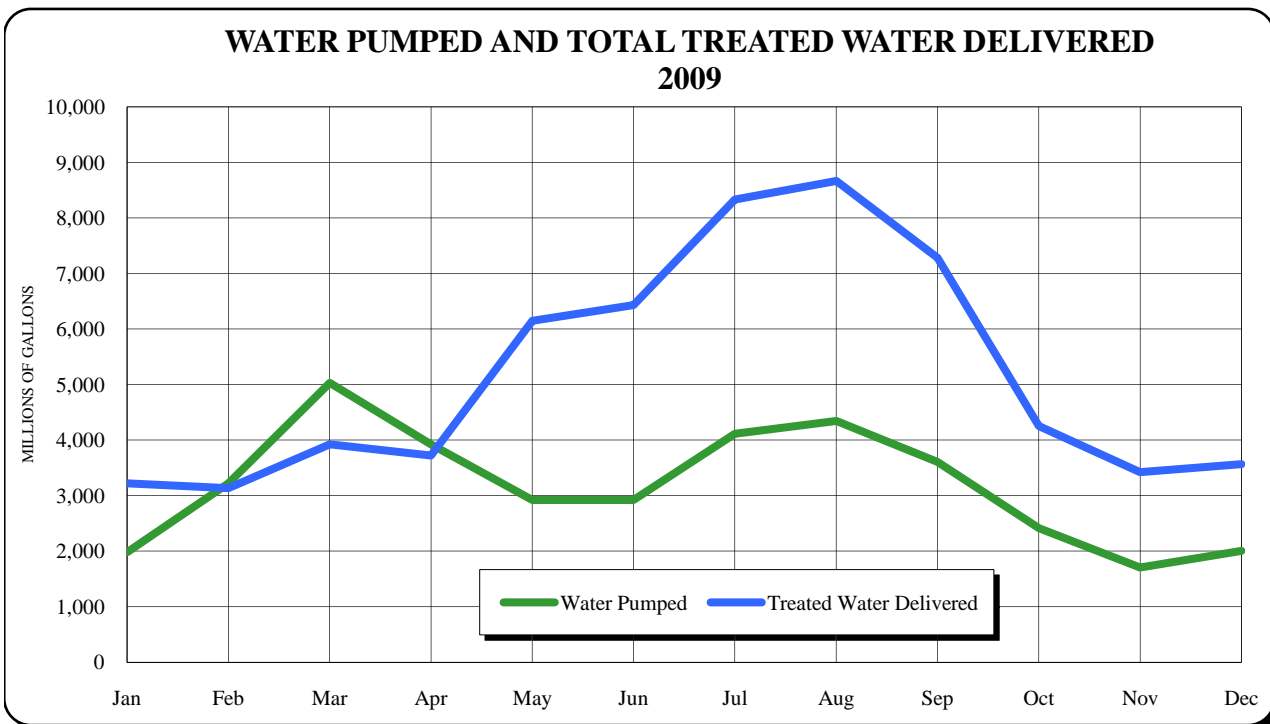
⁴Foothills Treatment Plant out of service from December 4, 2007 through April 25, 2008.



WATER PUMPED MONTHLY - 2009

(millions of gallons)

	<u>Water Pumped</u>	<u>Total Treated Water Delivered</u>		<u>Water Pumped</u>	<u>Total Treated Water Delivered</u>
January	1,983.2	3,218.7	August	4,346.8	8,667.8
February	3,222.6	3,134.2	September	3,608.1	7,282.8
March	5,028.0	3,922.8	October	2,413.3	4,255.2
April	3,926.2	3,724.0	November	1,708.5	3,419.9
May	2,924.2	6,148.5	December	2,005.0	3,569.6
June	2,919.7	6,428.8			
July	4,113.3	8,334.6	Total Year	<u>38,198.9</u>	<u>62,106.9</u>



WATER PUMPED BY STATION - 2009

(millions of gallons)

Bellevue (Low)	2,445.1	Hillcrest (High)	1,111.0
Bellevue (High)	2,591.4	Kendrick (Low)	718.3
Broomfield	1,293.2	Kendrick (High)	2,879.2
Capital Hill	1.0	Lakeridge	356.7
Chatfield (Low)	909.7	Lamar	7.4
Chatfield (High)	679.0	Lone Tree (Low)	587.4
Cherry Hills	3,562.4	Lone Tree (High)	892.9
Clarkson Street	295.6	Marston (Low)	3,784.1
Einfeldt	208.6	Marston (High)	3,743.5
Fifty-Sixth Avenue	1,030.3	Sixty-Fourth Ave. (High)	144.0
Green Mountain	1,362.6	Sixty-Fourth Ave. (Low)	1,215.4
Highlands (Low)	2,082.7		
Highlands (High)	5,106.0		
Hillcrest (Low)	1,191.4		
			<u>38,198.9</u>

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 2009

High water U.S.G.S. elevation in parentheses

	Capacity (million gals.)		Capacity (million gals.)
Alameda & Beech (6,042) ¹		Hillcrest (5,624)	
Number 1	1.0	Number 1	14.8
Number 2	2.0	Number 2	14.8
	<u>3.0</u>		<u>29.6</u>
Ashland (5,430)		Hogback (6,007)	3.95
East Basin	19.1	Ken Caryl Ranch (6,410) ¹	
West Basin	21.9	Number 3	2.0
	<u>41.0</u>	Number 4	2.0
Belleview (5,743)	10.0		<u>4.0</u>
Broomfield (5,335)		Kendrick (5,627)	15.0
Number 1	2.5	Lone Tree (5,930)	10.0
Number 2	2.5		
	<u>5.0</u>	Marston Treatment (5,497)	
Broomfield Tank (5,534) ¹		Number 3	6.8
Number 1	3.0	Number 4	9.2
Number 2	3.0		<u>16.0</u>
	<u>6.0</u>	Moffat Treatment (5,620)	
Capitol Hill (5,395)		Number 1	4.3
Number 1	23.4	Number 2	4.3
Number 3	27.0	Number 3	5.0
	<u>50.4</u>	Number 4	4.4
Chatfield Tank (5,740)			<u>18.0</u>
Number 1	5.0	Sixty-Fourth Avenue (5,460)	15.0
Number 2	5.0	Southgate (6,123) ¹	
	<u>10.0</u>	9E	2.0
Colorow (6007)	3.7	9E2	6.0
			<u>8.0</u>
Fifty-Sixth Avenue (5,223)	15.0	Southgate (6,270) ¹	
Foothills (5,860)		10E	1.5
Number 1	25.0	10E2	1.5
Number 2	25.0		<u>3.0</u>
Number 3	25.0	Utah Tank (6,042) [*]	3.0
	<u>75.0</u>	Valley Tank (6,000) ¹	2.0
Green Mountain (5,859)	5.0		
Highlands (5,722)		Total Capacity	<u>371.65</u>
Number 1	3.3		
Number 2	3.2		
Number 3	13.5		
	<u>20.0</u>		

¹Not Owned by Denver Water.

RAW WATER PUMPING STATIONS

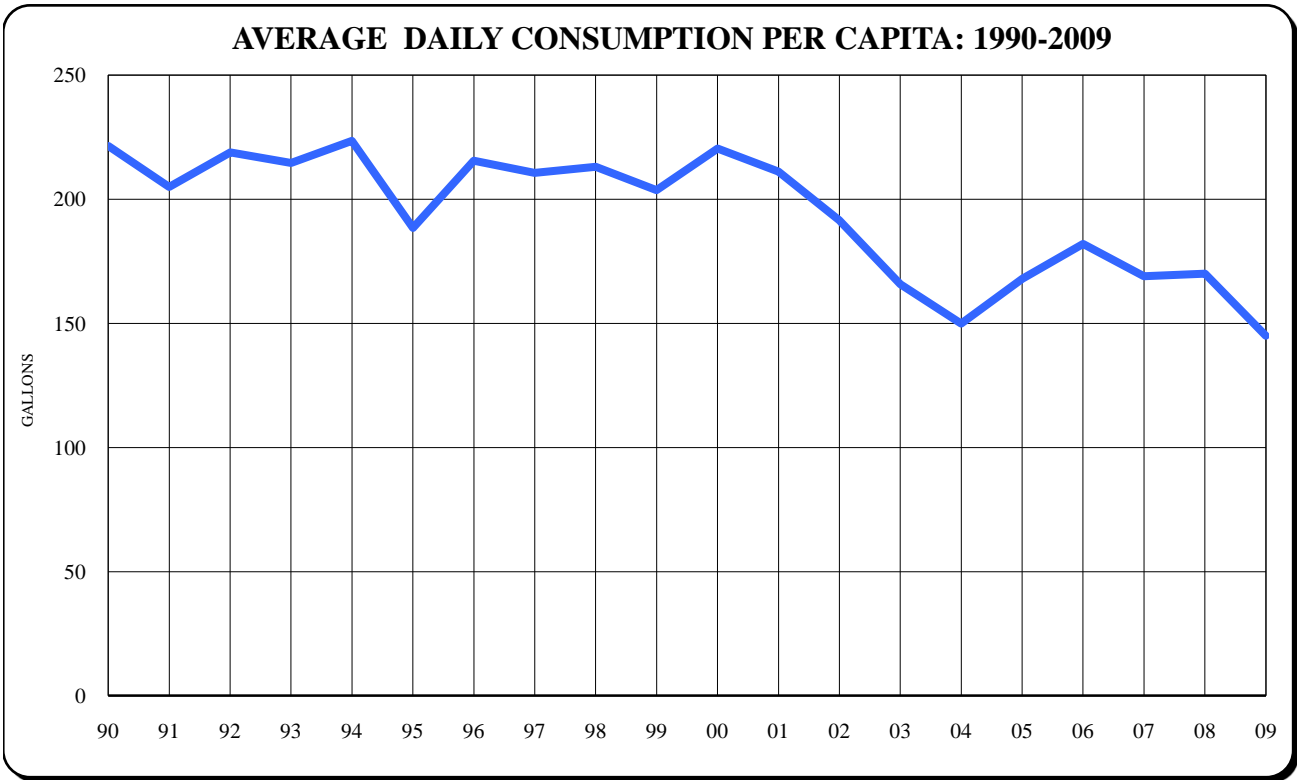
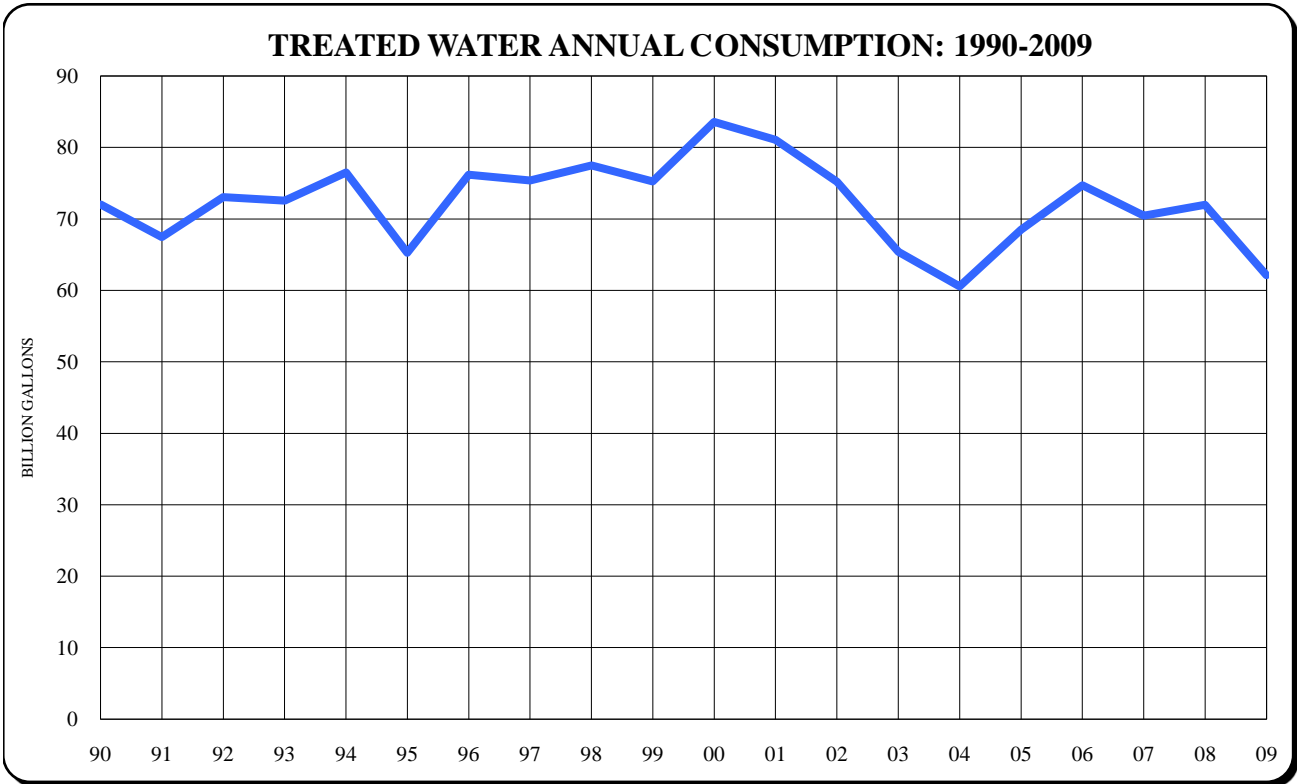
Pump Station	Pump Number	Make of Pump	Make of Motor	Horse-Power	Head in Feet	Capacity in MGD
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				600	90	90.0
Kassler	3	Peerless	General Electric	600	153	10.0
	5	Peerless	General Electric	600	153	10.0
				1,200	306	20.0
			1,830	456	112.2	
			Total			

Treatment and Water Quality

2009 Facts

Treated water consumption.....	62,106.90 MG
Increase (decrease) from last year.....	(9,868.97) MG
Average daily consumption.....	170.16 MG
Maximum daily consumption: (July 20).....	341.80 MG
Maximum hour treated water use rate: (July 20 at 6:15 a.m.).....	516.90 MGD
Water Quality:	
Total samples collected.....	13,022
Microbiological analyses completed.....	9,534
Chemical analyses completed.....	36,885

CONSUMPTION OF TREATED WATER - 20 YEAR GRAPHS: 1990 - 2009



CONSUMPTION OF TREATED WATER: 1990 - 2009

Year	Acre-Feet	(million gallons)			Population July 1 ¹	Avg. Daily Gals. Per Capita	Precipitation in Inches ²	
		Annual	Daily Avg.	Daily Max.			Year	4/1 to 9/30
1990	221,095	72,043.94	197.38	507.12	891,000	222	16.64	9.95
1991	206,953	67,435.91	184.76	414.79	900,000 ³	205	19.69	14.50
1992	224,162	73,043.27	199.57	414.11	912,000	219	15.94	8.42
1993	222,686	72,562.61	198.80	438.20	926,000	215	15.81	9.62
1994	234,819	76,516.08	209.63	479.01	938,000	223	14.35	8.72
1995	200,300	65,267.91	178.82	453.55	949,000	188	19.61	16.40
1996	233,861	76,203.96	208.21	456.99	966,000	216	14.81	10.96
1997	231,282	75,363.33	206.47	517.57	980,000	211	20.38	14.46
1998	237,764	77,475.48	212.26	512.53	996,000	213	17.61	12.77
1999	230,879	75,232.01	206.12	475.66	1,012,000	204	20.03	17.04
2000	256,514	83,585.25	228.38	478.19	1,036,000	220	14.87	11.07
2001	248,738	81,051.42	222.06	488.71	1,052,000	211	16.45	12.43
2002	230,845	75,221.18	206.09	419.20	1,076,000	192	9.95	6.59
2003	200,704	65,399.47	179.18	370.05	1,081,000	166	17.00	8.77
2004	185,909	60,578.77	165.52	340.92	1,104,000	150	21.35	16.06
2005	210,138	68,473.70	187.60	424.80	1,115,000	168	16.32	10.90
2006	229,323	74,724.98	204.73	425.68	1,124,000	182	16.15	8.66
2007	216,295	70,479.84	193.10	425.70	1,143,000	169	18.10	11.45
2008	220,886	71,975.87	196.66	426.16	1,154,000	170	12.42	8.19
2009	190,599	62,106.90	170.16	341.80	1,173,000 ⁴	145	21.34	15.09

¹Population estimates are treated water customers only.

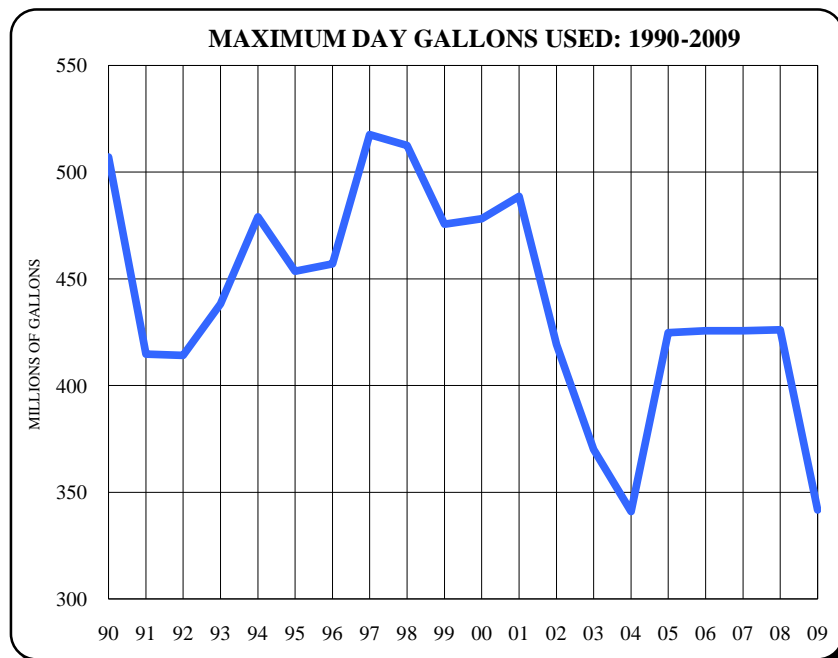
²Precipitation readings are the averages of Stapleton, Lakewood and Kassler measurement stations.

³Revised data from 1991 to 2000 are interpolated from analysis of the 2000 Census and adjusted for tap growth.

⁴2009 population was calculated based on an estimated growth rate from the State Demography Office, as neither Colorado Department of Local Affairs (DOLA) nor the Denver Regional Council of Governments (DRCOG) had 2009 population estimates available.

TREATMENT PLANT CAPACITY

Plant	Type	Capacity in MGD
Foothills	Dual-Media	280.0
Marston	Dual-Media	250.0
Moffat	Rapid Sand	185.0
		<u>715.0</u>

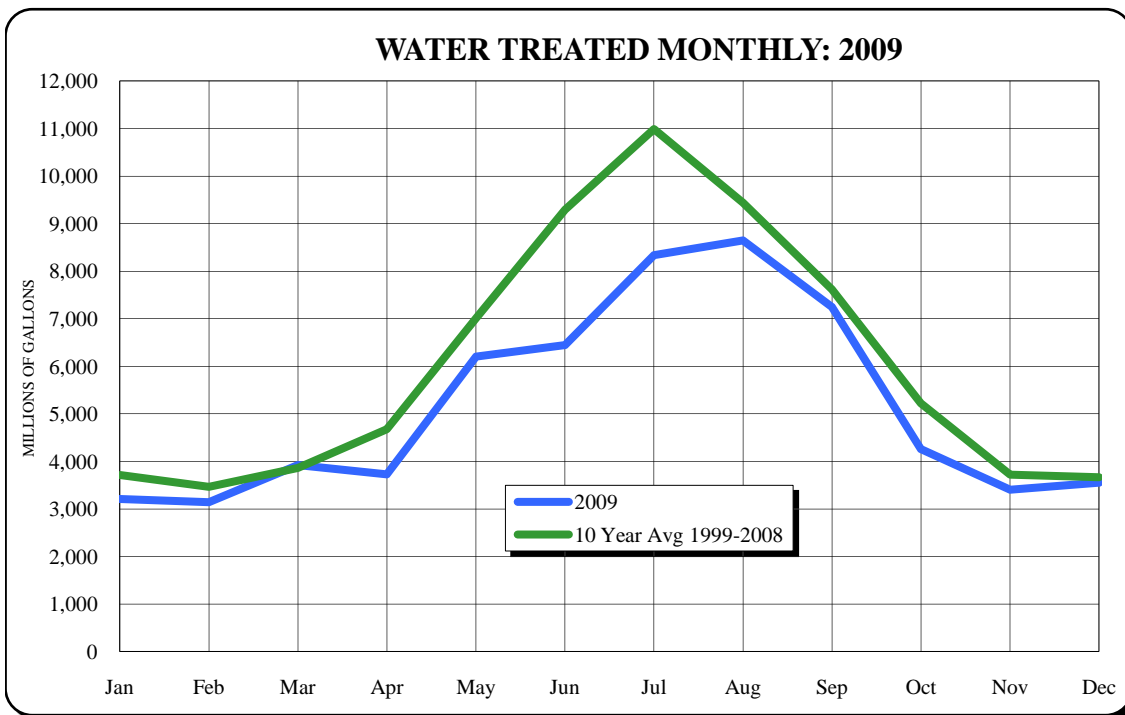


WATER TREATED MONTHLY - 2009

(millions of gallons)

	Treatment Plant			Total
	Foothills	Marston	Moffat	
January	2,490	617	104	3,210.90
February	541	1,655	944	3,139.90
March	-	2,488	1,436	3,923.70
April	389	2,211	1,125	3,725.30
May	4,475	665	1,063	6,203.50
June	4,429	657	1,358	6,443.30
July	5,822	885	1,632	8,339.20
August	6,420	708	1,520	8,648.30
September	5,530	493	1,222	7,245.20
October	3,266	-	992	4,257.80
November	2,437	-	965	3,402.30
December	2,581	-	969	3,550.40
	<u>38,380.00</u>	<u>10,379.30</u>	<u>13,330.50</u>	<u>62,089.80</u>

Note: Totals are based on multiple totalizer meter readings at various treatment plant sites. The accuracy of the readings varies within the limits inherent to each water meter.



RECONCILIATION OF WATER TREATED TO WATER DELIVERED/CONSUMED:

Total Water Treated for the Year	62,089.80 MG
(Increase) Decrease In Clear Water Storage	17.10 MG
Total Treated Water Delivered/Consumed for the Year	<u>62,106.90 MG</u>

**CHEMICAL TREATMENT AND ANALYSIS:
TREATED WATER IN DISTRIBUTION SYSTEM - 2009**

CHEMICAL TREATMENT

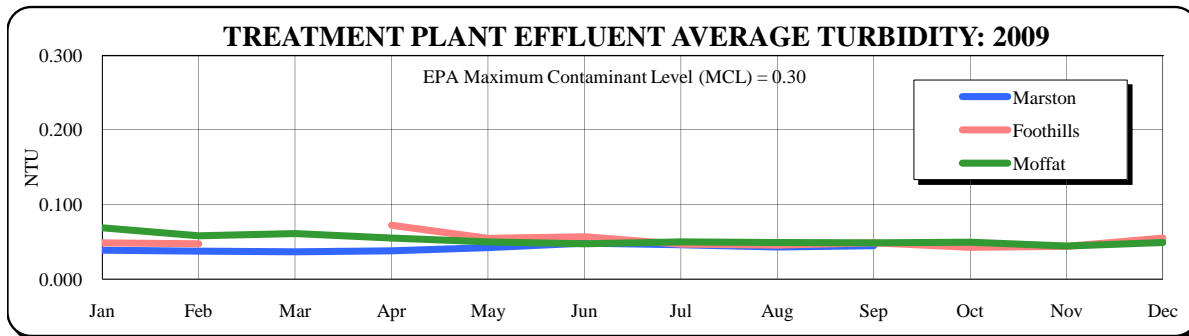
Chemicals are used at various points throughout the treatment plants to provide for appropriate water treatment including oxidation, coagulation, pH adjustment, fluoridation and disinfection. The following are total pounds and cost of chemicals used at each treatment plant.

	<u>Pounds of Chemicals Used</u>	<u>Total Cost</u>
Foothills	21,545,602	\$ 2,689,311
Moffat	9,077,440	1,400,293
Marston	6,444,853	939,334
Recycling	2,283,245	386,335
	<u>39,351,140</u>	<u>\$ 5,415,273</u>

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULTS

<u>Month</u>	<u>Number of Samples</u>	<u>Number of Positives</u>	<u>% Positive</u>
January	445	0	0.00%
February	450	0	0.00%
March	458	0	0.00%
April	493	0	0.00%
May	447	0	0.00%
June	536	0	0.00%
July	491	0	0.00%
August	496	1	0.20%
September	493	2	0.41%
October	425	0	0.00%
November	413	0	0.00%
December	468	0	0.00%
	<u>5,615</u>	<u>3</u>	<u>0.05%</u>

The total coliform group of bacteria is a microbiological indicator used to determine the safety of drinking water for human consumption. The EPA and the Colorado Department of Public Health and Environment require that Denver Water test a minimum of 300 treated water samples each month for total coliforms. The Maximum Contaminant Level (MCL) for total coliform specifies that no more than 5% of the samples taken each month may be positive. All positive samples were further analyzed to determine if *E. coli* bacteria were present, which would indicate possible contamination from a fecal source. There were no *E. coli* positive samples in the current year.



Turbidity is a measure of the clarity of the water. EPA has established 0.30 NTU (Nephelometric Turbidity Unit) as the MCL for turbidity.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2009

<u>Analysis</u>	<u>Maximum Contaminant Level (MCL)</u>	<u>Marston</u>	<u>Foothills</u>	<u>Moffat</u>
General (mg/L)				
Alkalinity, Total as CaCO ₃		65	56	36
Chlorine, Total		1.45	1.61	1.51
Hardness as CaCO ₃		108	96	48
pH (SU)		7.67	7.73	7.75
Specific Conductance (µS)		332	290	128
Temperature (°C)		12	12	12
Total Dissolved Solids		187	172	83
Turbidity (NTU)	0.30	0.04	0.05	0.05
Metals (µg/L)				
Aluminum		30	37	<20
Barium	2,000	37	33	18
Boron		14	12	5
Calcium (mg/L)		30	26	15
Magnesium (mg/L)		7.9	7.4	2.3
Manganese		<2	2	<2
Molybdenum		9	6	<3
Nickel		<0.8	0.8	<0.8
Potassium (mg/L)		1.9	1.8	0.8
Sodium (mg/L)		21	19	9
Strontium (mg/L)		0.24	0.23	0.07
Ions (mg/L)				
Chloride		22.5	22.6	5.6
Fluoride	4.0	0.88	0.85	0.88
Nitrate-Nitrogen	10	0.06	0.12	0.05
Silicon		2.1	3.4	3.4
Sulfate		56.1	48.6	19.5
Radiological (pCi/L)				
Alpha, Total	15	<2	<2	<2
Beta, Total	Trigger Level = 15	2	<2	<2
Uranium (µg/L)	30	<0.3	<0.3	<0.3
Microbiological				
m-Heterotrophic Plate Count (CFU/mL)		0.03	0.14	1.9

(Continued next page)

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2009 (Continued)

<u>Analysis</u>	<u>Maximum Contaminant Level (MCL)</u>	<u>Marston</u>	<u>Foothills</u>	<u>Moffat</u>
Disinfection By-Products (µg/L)				
1,1,1-Trichloropropanone		1.7	1.5	1.6
1,1-Dichloropropanone		0.7	0.8	0.7
Bromochloroacetic acid		3.1	2.6	0.8
Bromochloroacetonitrile		6.0	2.9	<0.5
Bromodichloromethane		8.4	5.69	2.3
Chloral hydrate		1.3	1.4	1.1
Chloroform		11.3	13.3	14.2
Cyanogen chloride		3.6	3.5	2.4
Dibromoacetic acid		0.8	<0.5	<0.5
Dibromoacetonitrile		<0.5	<0.5	<0.5
Dibromochloromethane		3.5	1.4	<1.0
Dichloroacetic acid		7.1	12.6	8.5
Dichloroacetonitrile		2.1	2.0	1.6
Haloacetic Acids (5)	60	12	20	14
Total Trihalomethanes	80	23	20	17
Trichloroacetic acid		4.0	7.7	6.0
Nonspecific Organics				
Total Organic Carbon (mg/L)		1.8	1.9	1.6

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2009 (Continued)

The following analyses were performed and each of these constituents was either not detected or the average result was less than the limit of detection. The Maximum Contaminant Level is listed after the analysis in parentheses, if applicable. The unit of measure is also listed if different than that listed for the subsection.

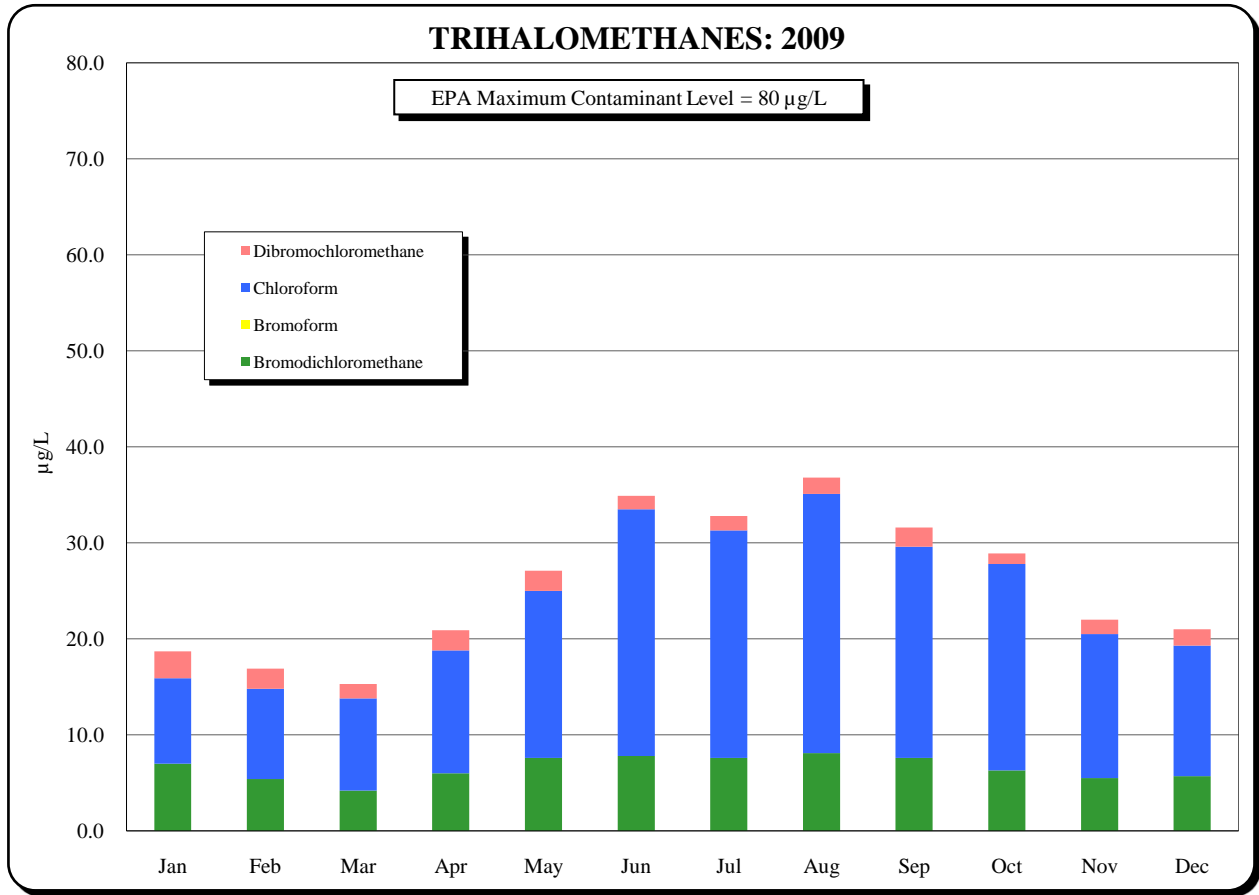
General	1,2,4,5-Tetrachlorobenzene	Metsulfuron methyl	Desethylatrazine
Alkalinity, Phenolphthalein as CaCO ₃	1,2-Dichloroethane (5)	Naphthalene	Desisopropylatrazine
Chlorine, Free	1,2-Dichloropropane (5)	n-Butyl Benzene	Diazinon
Asbestos (7 MFL)	1,3,5-Trimethylbenzene	Nitrobenzene	Dicamba
Metals (mg/L)	1,3-Dichloropropane	n-Propyl Benzene	Dichlorprop
Antimony (0.006)	1,3-Dichloropropene	o-Chlorotoluene	Dichlorvos
Arsenic (0.010)	1,3-Dinitrobenzene	o-Dichlorobenzene (600)	Dichlobenil
Beryllium (0.004)	1-Methylnaphthalene	p-Chlorotoluene	Dichlofenthion
Cadmium (0.005)	2-Methylnaphthalene	p-Dichlorobenzene (78.5)	Dichloran
Chromium (0.1)	2,2-Dichloropropane	p-Isopropyl Toluene	Dicrotophos
Cobalt	2,3-Dichlorobiphenyl	sec-Butyl Benzene	Dieldrin
Copper (TT ¹)	2-Butanone	Styrene (100)	Diethyl ether
Iron	2-Chlorobiphenyl	tert-Butyl Benzene	Diflubenuron
Lead (TT ¹)	2-Hexanone	Tetrachloroethene (5)	Dimethoate
Lithium	2-Methyl-4,6-dinitrophenol	Toluene (1000)	Dinoseb
Mercury, Total (0.002)	2-Methylphenol	Toxaphene	Dioxathion
Selenium (0.05)	2-Nitropropane	trans-1,2-Dichloroethene (100)	Disulfoton
Silver	2,2",3",4,6-Pentachlorobiphenyl	Trichloroethylene (5)	Disulfoton sulfone
Thallium (0.002)	2,2",3,3",4,4",6-Heptachlorobiphenyl	Trichlorofluoromethane	Disulfoton sulfoxide
Titanium	2,2",3,3",4,5",6,6"-Octachlorobiphenyl	Trichlorotrifluoromethane	Diphenamid
Vanadium	2,2",4,4",5",6-Hexachlorobiphenyl	Vinyl Chloride (2)	Dursban
Uranium	2,2",4,4"-Tetrachlorobiphenyl	Xylenes (10000)	Endosulfan –A
Zinc	2,4,6-Trinitrotoluene (TNT)	1,2-Dibromo-3-chloropropane (0.2)	Endosulfan – B
Ions (mg/L)	2,4,5-Trichlorobiphenyl	2,4,5-T	Endosulfan sulfate
Bromide	4-Methyl-2-Pentanone	2,4-D (70)	Endrin (2)
Carbonate	Acenaphthene	2,4-DB	Endrin Aldehyde
Hydroxide	Acrylonitrile	3,5-Dichlorobenzoic acid	Epichlorohydrin
Nitrite-Nitrogen (1)	Aldrin	3-Hydroxycarbofuran	EPN
Ortho Phosphorus, Dissolved	Allyl chloride	4,4'-DDD	EPTC
Perchlorate	Anilazine	4,4'-DDE	Erucylamide
Radiological (pCi/L)	Aspon	4,4'-DDT	Esfenvalerate
Radium ^{226/228} (5)	Bendiocarb	α-BHC	Ethalfuralin
Microbiological	Benfluralin	α-Chlordane	Ethion
<i>Cryptosporidium</i>	Benzene (5)	Acetochlor	Ethofumesate
<i>E. Coli</i>	Bolstar	Acifluorfen	Ethoprop
<i>Giardia</i> (TT ¹)	Bromobenzene	Alachlor (2)	Ethyl methacrylate
Plankton	Bromochloromethane	Aldicarb	Ethyl tert-butyl ether
Total Coliform (DS)	Bromomethane	Aldicarb sulfoxide	Ethylene dibromide
Disinfection By-Products (µg/L)	Carbon disulfide	Aldicarb sulfone	Etridiazole
Bromoform	Carbophenothion	Atraton	Famphur
Monobromoacetic Acid	Carboxin	Atrazine (3)	Fenamiphos
Monochloroacetic Acid	Chloramben	Bentazon	Fenarimol
n-Nitrosodiethylamine	Chlorfenvinphos	β-BHC	Fenitrothion
n-Nitrosodimethylamine (NDMA)	Chloroacetoneitrile	Bromacil	Fensulfothion
n-Nitrosodi-n-butylamine	Chlorobenzene (100)	Butachlor	Fenthion
n-Nitrosodi-n-propylamine	Chloroethane	Butylate	Fenoxaprop-ethyl
n-Nitrosomethylethylamine	Chloromethane	Carbaryl	Fluometuron
n-Nirtosopyrollidine	Chloropropylate	Carbofuran	Fluridone
Trichloroacetoneitrile	Clomazone	Chlordane	Fonofos
Organic Compounds (µg/L) and	Clopyralid	Chlorneb	Heptachlor (0.4)
MicroConstituents (µg/L or ng/L)	cis-1,2-Dichloroethene (70)	Chlorobenzilate	Heptachlor Epoxide (0.2)
1,1,1,2-Tetrachloroethane	cis-1,3-Dichloropropene	Chlorothalonil	Hexachloroethane
1,1,1-Trichloroethane (200)	Dibromomethane	Chlorpropham	Hexazinone
1,1,2,2-Tetrachloroethane	Dichlorodifluoromethane	cis-Permethrin	Iprodione
1,1,2-Trichloroethane (5)	Dichloromethane (5)	Coumaphos	Isofenphos
1,1-Dichloroethane	Ethyl Benzene (700)	Crotoxyphos	Leptophos
1,1-Dichloroethene (7)	Hexachlorobenzene	Cyanazine	Lindane
1,1-Dichloropropene	Hexachlorobutadiene	Cycloate	Linuron
1-Chlorobutane	Hexachlorocyclopentadiene	Dacthal	Malathion
1,2,3-Trichlorobenzene	Iodomethane	Dalapon (200)	MCPA
1,2,3-Trichloropropane	Isopropyl Benzene	DCPA acid metabolites	Mecoprop
1,2,3-Trimethylbenzene	Isopropyl Ether	δ-BHC	Metalaxyl
1,2,4-Trichlorobenzene (70)	m-Dichlorobenzene	Demeton O	Methacrylonitrile
1,2,4-Trimethylbenzene	Methyl tert-butyl ether	Demeton S	Methylacrylate

¹ TT indicates that the MCL involves treatment techniques.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2009 (Continued)

Methylmethacrylate	Tribufos	Bezafibrate	Sulfadiazine
Methiocarb	Trichloronate	Bisphenol A	Sulfadimethoxine
Methomyl	Triclopyr	Caffeine	Sulfamethazine
Methoxychlor	Tricyclazole	Carbadox	Sulfamerazine
Methyl paraoxon	Trifluralin	Carbamazepine	Sulfamethizole
Metolachlor	Vernolate	Chloramphenicol	Sulfamethoxazole
Metribuzin	Vinclozolin	Chlorotetracycline	Sulfathiazole
Mevinphos	Vinyl acetate	Ciprofloxacin	tert-Amyl Methyl ether
Mirex	2,4-Dinitrotoluene	cis-Testosterone	tert-Butyl alcohol
Molinate	2,6-Dinitrotoluene	Clofibrac acid	Tetrabromobisphenol A
Monocrotophos	Acenaphthylene	Diclofenac	Theobromine
Naled	Ametryn	Diethylstilbestrol (DES)	Theophylline
Napropamide	Anthracene	Diflubenzuron	Thidiazuron
Norflurazon	Benzo(a)anthracene	Dilantin	trans-Testosterone
n-Butyl acrylate	Benzo(a)pyrene (0.2)	Diltiazem	Triadimenol
Oryzalin	Benzo(b)fluoranthene	Doxycycline	Triclosan
Oxadiazon	Benzo(g,h,i)perylene	Enrofloxacin	Trimethoprim
Oxamyl (200)	Benzo(k)fluoranthene	Erythromycin	Tylosin
Oxychlordan	Bis(2-ethylhexyl)adipate (400)	Estrinol	Virginiamycin M1
Oxyfluorfen	Bis(2-ethylhexyl)phthalate	Estrone	2244 tetrabromodiphenyl ether
Parathion	Butyl benzyl phthalate	Fenuron	22445 Pentabromodiphenyl ether
Pebulate	Chrysene	Fluoxetine (Prozac)	224455 hexabromobiphenyl (HBB)
Pendimethalin	Cyclohexanone	Freon 113	224455 hexabromodiphenyl ether
Permethrin Isomers	Dibenzo(a,h)anthracene	Gemfibrozil	22446 pentabromodiphenyl ether
Phorate	DCEE	Halofenozide	Acetochlor ESA
Phosmet	Diethyl phthalate	Halosulfuron methyl	Acetochlor OA
Picloram	Dimethyl phthalate	Ibuprofen	Alachlor ESA
Profluralin	Di-n-butyl phthalate	Imidacloprid	Alachlor OA
Prometon	Di-n-octyl phthalate	Lasalocid	Azoxystrobin
Prometryn	Diuron	Levothyroxine (Synthroid)	BrA
Pronamide	Fluoranthene	Lincomycin	E-Phosphamidon
Propanil	Fluorene	Monensin	Fluazifop-butyl
Propachlor	Indeno(1,2,3-cd)pyrene	Monuron	gamma-Chlordane
Propazine	Isophorone	Naproxen	Metolachlor ESA
Propionitrile	Pentachlorobenzene	Narasin	Metolachlor OA
Propoxur	Pentachloroethane	Neburon	MGK 264 isomer a
Prothiophos	Pentachlorophenol (1)	Nicotine	MGK 264 isomer b
Silvex (50)	Phenanthrene	Nonylphenol, isomer mix	MGK 326
Simazine (4)	Propiconazole isomer a	Norfloxacin	Paclobutrazol
Simetryn	Propiconazole isomer b	Oleandomycin	RDX
Stirofos	Polychlorinated Biphenyls (0.5)	Oxytetracycline	trans-Nonachlor
Sulfotep	Pyrene	Paclobutrazol	Triadimenol
TAME	17alpha-Ethynyl estradiol	Paraxanthine	Z-Phosphamidon
TEPP	17beta-Estradiol	PCNB	
Terbufos	4-n-Octylphenol	Penicillin G	
Terbufos sulfone	4-tert-Octylphenol	Penicillin V	
Terbacil	Acetaminophen	Phenylphenol	
Terbutiuron	Antipyrine	Prednisone	
Terbutryn	Azinphos-ethyl	Progesterone	
Tetrahydrofuran	Azinphos-methyl	Propargite	
Thiabendazole	Azithromycin	Roxithromycin	
Thiobencarb	Azoxystrobin	Salinomycin	
Thionazin	Bacitracin	Siduron, Total	
trans-Permethrin	Baygon	Simvastatin	
Triademefon	Bensulide	Sulfachloropyridazine	

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 2009



Trihalomethanes (THMs) are organic compounds formed when chlorine disinfectant is added to the water. The use of chlorine and other chlorine-based disinfectant compounds is mandated by health regulatory agencies to eliminate microbiological contaminants from drinking water. The creation of THMs is a consequence of this necessary practice. THMs are comprised of four individual compounds. EPA has established 80 mg/L as the MCL for Total Trihalomethanes (the sum of the four individual compounds). The amounts present in the Denver distribution system are consistently below the 80 mg/L level.

WATER QUALITY SAMPLE COLLECTION AND ANALYTICAL PROCEDURES - 2009

Samples Collected:

Watershed	922
Treatment plant	974
Distribution system	8,675
Other	2,451
	<u>13,022</u>

Analyses Performed:

Microbiological	9,534
Chemical	36,885
	<u>46,419</u>

Transmission and Distribution

2009 Facts

Miles of pipe installed	n/a*
Miles of pipe in system	2,954
Miles of nonpotable pipe in system	35.3
Number of valves operated and maintained	71,893
Number of nonpotable valves in system	638
Number of hydrants operated and maintained	19,159
Leak Detection Program:	
Miles of pipe surveyed	606
Visible leaks pinpointed	89
Non-visible leaks detected	145

¹Due to a change in methodology, it was not possible to calculate additions and reductions of pipe.

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TRANSMISSION AND DISTRIBUTION MAINS - 2009

SUMMARY OF PIPE BY MATERIAL¹

Kind of Pipe	Length in Feet ⁴			Length in Miles	
	12-31-08 ³	Additions	Reductions	12-31-09	12-31-09
Cast iron	5,929,110	377,304	-	6,306,414	1,194
Cement Asbestos	1,384,093	141,735	-	1,525,828	289
Cement Mortar coated steel	27,992	4,632	-	32,624	6
Concrete	858,410	-	(443,306)	415,104	79
Copper	1,164	-	(548)	616	-
Ductile iron	2,554,874	436,893	-	2,991,767	567
Embedded Cyl Prestressed	-	33,892	-	33,892	6
Galvanized	7,755	-	(3,847)	3,908	1
Lined Cyl Prestressed	-	171,094	-	171,094	32
Non-Cyl Prestressed	-	7,478	-	7,478	1
Pretensioned Concrete	-	82,802	-	82,802	16
Polyvinyl chloride	1,907,027	523,731	-	2,430,758	460
Reinforced Concrete Cyl	-	93,099	-	93,099	18
Reinforced Concrete Non-Cyl	-	19,822	-	19,822	4
Steel	1,022,080	393,928	-	1,416,008	268
Steel -tape coated	421,375	-	(421,375)	-	-
Steel - enamel coated	-	23,132	-	23,132	8
Unknown ²	49,336	-	(5,777)	43,559	8
	<u>14,163,216</u>	<u>2,309,541</u>	<u>(874,853)</u>	<u>15,597,904</u>	<u>2,954</u>

SUMMARY OF PIPE BY DIAMETER¹

Diameter of Pipe in Inches	Length in Feet ⁴			Length in Miles	
	12-31-08 ³	Additions	Reductions	12-31-09	12-31-09
0.75	413	-	(395)	18	-
1	778	-	(473)	305	-
1.5	2,019	-	(1,667)	352	-
2	3,155	-	(1,066)	2,089	1
3	8,752	-	(3,972)	4,780	1
4	141,562	-	(23,639)	117,923	22
5	11	-	(11)	-	-
6	4,258,606	477,977	-	4,736,583	897
8	3,689,968	560,000	-	4,249,968	805
10	128,838	427	-	129,265	24
12	2,783,997	347,358	-	3,131,355	593
14	44,115	-	(3,848)	40,267	8
15	4,499	27	-	4,526	1
16	451,129	35,557	-	486,686	92
18	49,160	-	(14,778)	34,382	7
20	118,805	16,888	-	135,693	26
24	448,360	84,842	-	533,202	101
27	-	7,977	-	7,977	2
30	455,238	-	(30,727)	424,511	80
31	29	-	(29)	-	-
33	185	13	-	198	-
36	502,552	13,139	-	515,691	98
40	57	-	(57)	-	-
42	233,242	-	(32,113)	201,129	38
45	4,638	-	(4,559)	79	-
46	23,272	168	-	23,440	4
48	133,515	-	(7,897)	125,618	24
51	6,514	-	(104)	6,410	1
54	172,084	4,136	-	176,220	33
57	12,858	178	-	13,036	2
60	175,812	5,424	-	181,236	34
63	16,779	899	-	17,678	3
66	77,647	7,913	-	85,560	16
67	692	5	-	697	-
72	111,987	-	(6,185)	105,802	20
84	16,656	1,015	-	17,671	3
90	32,635	341	-	32,976	6
96	50	19	-	69	-
108	48,687	2,686	-	51,373	10
120	3,102	35	-	3,137	1
144	818	-	(818)	-	-
	<u>14,163,216</u>	<u>1,567,025</u>	<u>(132,337)</u>	<u>15,597,904</u>	<u>2,954</u>

¹Mains within the City and Total Service Contract Areas.

²Unknown pipe material is assumed to be cast iron.

³Beginning balances on this year's report may not agree with ending balances on last year's report due to timing differences between when construction is completed and reported.

⁴Due to a change in methodology, it was not possible to calculate gross additions and reductions. Changes are shown net.

VALVES - 2009

SUMMARY OF VALVES BY TYPE¹

Type of Valve	12-31-08 ²	Additions ³	Reductions ³	12-31-09
Air vacuum valve	1,348	-	(1,178)	170
Ball valve	7	32	-	39
Blowoff valve	2,802	385	-	3,187
Butterfly valve	960	-	(213)	747
Check valve	23	43	-	66
Cone valve	19	63	-	82
Gate valve	40,350	10,266	-	50,616
Hub valve	5	-	(1)	4
MacDougall blowoff valve	149	-	(37)	112
Pito (Corp stop)	594	-	(415)	179
Pressure regulating valve	167	131	-	298
Unknown	44	-	(26)	18
Vacuum valve	5	-	(5)	-
Gate valve - Resilient Seat	-	16,089	-	16,089
Altitude valve	-	3	-	3
Corp Stop	-	252	-	252
Surge valve	-	15	-	15
Slide gate valve	-	10	-	10
Plug valve	-	6	-	6
	<u>46,473</u>	<u>27,295</u>	<u>(1,875)</u>	<u>71,893</u>

SUMMARY OF VALVES BY DIAMETER¹

Diameter of Valve in Inches	12-31-08 ²	Additions ³	Reductions ³	12-31-09
1	918	-	(165)	753
2	2,137	-	(178)	1,959
2.5	1	-	-	1
3	92	-	(47)	45
4	1,481	-	(703)	778
6	15,833	20,284	-	36,117
8	13,847	3,586	-	17,433
10	468	128	-	596
12	10,094	2,968	-	13,062
14	65	28	-	93
15	2	-	(2)	-
16	280	182	-	462
18	45	78	-	123
20	189	45	-	234
24	502	-	(405)	97
30	200	-	(158)	42
36	149	-	(106)	43
42	67	-	(60)	7
48	55	-	(36)	19
54	20	-	(11)	9
60	24	-	(12)	12
72	4	4	-	8
	<u>46,473</u>	<u>27,303</u>	<u>(1,883)</u>	<u>71,893</u>

¹Valves within the City and Total Service Contract Areas.

²Beginning balances on this year's report may not agree with ending balances on last year's report due to timing differences between when construction is completed and reported.

³Due to a change in methodology, it was not possible to calculate gross additions and reductions. Changes are shown net.

FIRE HYDRANTS - 2009

FIRE HYDRANTS¹

Size in Inches	Total Hydrants ³			12-31-09
	12-31-08 ²	Additions	Reductions	
4	8	29	-	37
6	19,177	-	(55)	19,122
	<u>19,185</u>	<u>29</u>	<u>(55)</u>	<u>19,159</u>

FIRE HYDRANT BRANCH PIPE¹

Size in Inches	Kind of Pipe	Length in Feet ³			12-31-09
		12-31-08 ²	Additions	Reductions	
4	Cast iron	109	1,153	-	1,262
4	Ductile iron	8,738	-	(8,639)	99
6	Cast iron	157,889	-	(54,647)	103,242
6	Cement asbestos	2,591	597	-	3,188
6	Ductile iron	160,787	66,735	-	227,522
6	Polyvinylchloride	943	7	-	950
6	Steel	19,088	57	-	19,145
6	Unknown	25,983	-	(10,202)	15,781
		<u>376,128</u>	<u>68,549</u>	<u>(73,488)</u>	<u>371,189</u>

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY MATERIAL¹

Kind of Pipe	Length in Feet ³			12-31-09
	12-31-08 ²	Additions	Reductions	
Cast iron	157,998	-	(53,494)	104,504
Cement asbestos	2,591	597	-	3,188
Ductile iron	169,525	58,096	-	227,621
Polyvinylchloride	943	7	-	950
Steel	19,088	57	-	19,145
Unknown	25,983	-	(10,202)	15,781
	<u>376,128</u>	<u>58,757</u>	<u>(63,696)</u>	<u>371,189</u>

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY DIAMETER¹

Size in Inches	Length in Feet ³			12-31-09
	12-31-08 ²	Additions	Reductions	
4	143	1,218	-	1,361
6	375,985	-	(6,157)	369,828
	<u>376,128</u>	<u>1,218</u>	<u>(6,157)</u>	<u>371,189</u>

¹Fire hydrants and branch pipe within the City and Total Service Contract Areas.

²Beginning balances on this year's report may not agree with ending balances on last year's report due to timing differences between when construction is completed and reported.

⁴Due to a change in methodology, it was not possible to calculate gross additions and reductions. Changes are shown net.

RECYCLED WATER MAINS AND VALVES - 2009

RECYCLED WATER MAINS¹

SUMMARY OF PIPE BY MATERIAL

Kind of Pipe	Length in Feet			
	12-31-08	Additions	Reductions	12-31-09
Ductile Iron	-	3,564.5	-	3,564.5
PVC	92,491.0	24,361.7	-	116,852.7
Steel	100,150.0	-	(34,006)	66,144.1
	<u>192,641.0</u>	<u>27,926.2</u>	<u>(34,006)</u>	<u>186,561.3</u>

SUMMARY OF PIPE BY DIAMETER

Size	Kind of Pipe	Length in Feet			
		12-31-08	Additions	Reductions	12-31-09
3"	PVC	-	13.5	-	13.5
4"	Ductile Iron	-	42.2	-	42.2
4"	PVC	3,327.0	454.7	-	3,781.7
6"	Ductile Iron	-	68.0	-	68.0
6"	PVC	4,342.0	2,073.3	-	6,415.3
8"	Ductile Iron	-	1,908.8	-	1,908.8
8"	PVC	16,364.0	5,284.9	-	21,648.9
8"	Steel	61.0	107.6	-	168.6
10"	PVC	-	135.0	-	135.0
10"	Steel	22.0	37.4	-	59.4
12"	Ductile Iron	-	20.6	-	20.6
12"	PVC	21,572.0	2,313.5	-	23,885.5
12"	Steel	10,307.0	-	(804)	9,502.8
16"	PVC	19,928.0	1,493.2	-	21,421.2
20"	PVC	26,958.0	306.6	-	27,264.6
20"	Steel	-	237.6	-	237.6
24"	PVC	-	12,249.1	-	12,249.1
24"	Steel	16,900.0	-	(16,640)	259.5
30"	Ductile Iron	-	1,524.9	-	1,524.9
30"	PVC	-	37.7	-	37.7
30"	Steel	3,634.0	66.7	-	3,700.7
36"	Steel	3,526.0	12,098.8	-	15,624.8
42"	Steel	45,355.0	-	(9,562)	35,793.1
54"	Steel	20,345.0	-	(19,625)	719.5
84"	Steel	-	78.1	-	78.1
		<u>192,641.0</u>	<u>40,552.4</u>	<u>(46,632)</u>	<u>186,561.3</u>

RECYCLED WATER VALVES

SUMMARY OF VALVES BY TYPE

Type of Valve	12-31-08	Additions	Reductions	12-31-09
Air vacuum valves	82	-	(10)	72
Blowoff valve	43	39	-	82
Butterfly valve	20	65	-	85
Check Valve	-	18	-	18
Corp Stop	-	76	-	76
Gate valve	163	126	-	289
Pitot	5	6	-	11
Plug Valve	-	2	-	2
PRV	-	2	-	2
Sleeve Valve	-	1	-	1
	<u>313</u>	<u>335</u>	<u>(10)</u>	<u>638</u>

SUMMARY OF VALVES BY DIAMETER

Diameter of Valve	12-31-08	Additions	Reductions	12-31-09
1"	-	85	-	85
2"	21	54	-	75
2.5"	-	1	-	1
4"	80	-	(21)	59
6"	60	61	-	121
8"	35	52	-	87
10"	2	13	-	15
12"	68	43	-	111
16"	1	12	-	13
20"	26	6	-	32
24"	6	6	-	12
30"	3	3	-	6
36"	-	9	-	9
42"	4	7	-	11
48"	-	1	-	1
54"	7	-	(7)	-
	<u>313</u>	<u>353</u>	<u>(28)</u>	<u>638</u>

⁴Due to a change in methodology, it was not possible to calculate gross additions and reductions. Changes are shown net.

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 2009

DENVER MAIN BREAKS

<u>Size</u>	<u>Pipe Material</u>	<u>Number of Breaks</u>
3"	Galvanized Iron	1
3"	Cast Iron	2
4"	Cast Iron	1
6"	Cast Iron	114
6"	Ductile Iron	4
8"	Cast Iron	38
8"	Cement Asbestos	4
8"	Ductile Iron	4
10"	Cast Iron	3
12"	Cement Asbestos	1
12"	Cast Iron	35
12"	Ductile Iron	2
16"	Ductile Iron	1
16"	Cast Iron	8
20"	Cast Iron	1
30"	Cast Iron	1
		220

TOTAL SERVICE MAIN BREAKS

<u>Size</u>	<u>Pipe Material</u>	<u>Number of Breaks</u>
3"	Ductile Iron	1
4"	PVC	1
6"	Ductile Iron	2
6"	Cement Asbestos	1
6"	Cast Iron	12
8"	Cast Iron	3
10"	Cast Iron	1
12"	Cast Iron	2
12"	Ductile Iron	1
		24

WATER CONTROL SERVICES

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Service Calls	8,931	5,965	5,000	7,133	7,855
Service Leaks	329	318	879	1,043	1,452
Service Turn Ons	424	545	188	436	702
Service Turn Offs	649	264	555	736	804
Valve Leaks	27	87	68	86	123
Fire Hydrants Hit	116	151	156	120	131
Fire Hydrants Packed and Greased	17,408	24,741	26,849	29,660	31,091
Fire Hydrants Excavated for Replacement	621	300	74	218	185
Fire Hydrants, Miscellaneous Repairs	327	385	861	741	1,067
Total Fire Hydrants Tested and Repaired	18,472	25,577	27,940	30,739	32,474

LEAK DETECTION PROGRAM

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Non-Visible Leaks Detected	145	107	17	28	34
Non-Visible Water Leaks Loss (1000's of Gallons) ¹	38,106	28,119	4,467	7,358	8,935
Visible Leaks Pinpointed	89	60	26	53	54
Miles Surveyed	606	226	183	781	752
Savings Generated from saving lost water ¹	\$ 72,800	\$ 51,739	\$ 8,219	\$ 13,538	\$ 16,440
Savings Generated from pinpointing Leaks ¹	62,300	42,000	18,200	37,100	37,800
Total Savings Generated from Leak Detection Program ¹	\$ 135,100	\$ 93,739	\$ 26,419	\$ 50,638	\$ 54,240

¹Estimated.