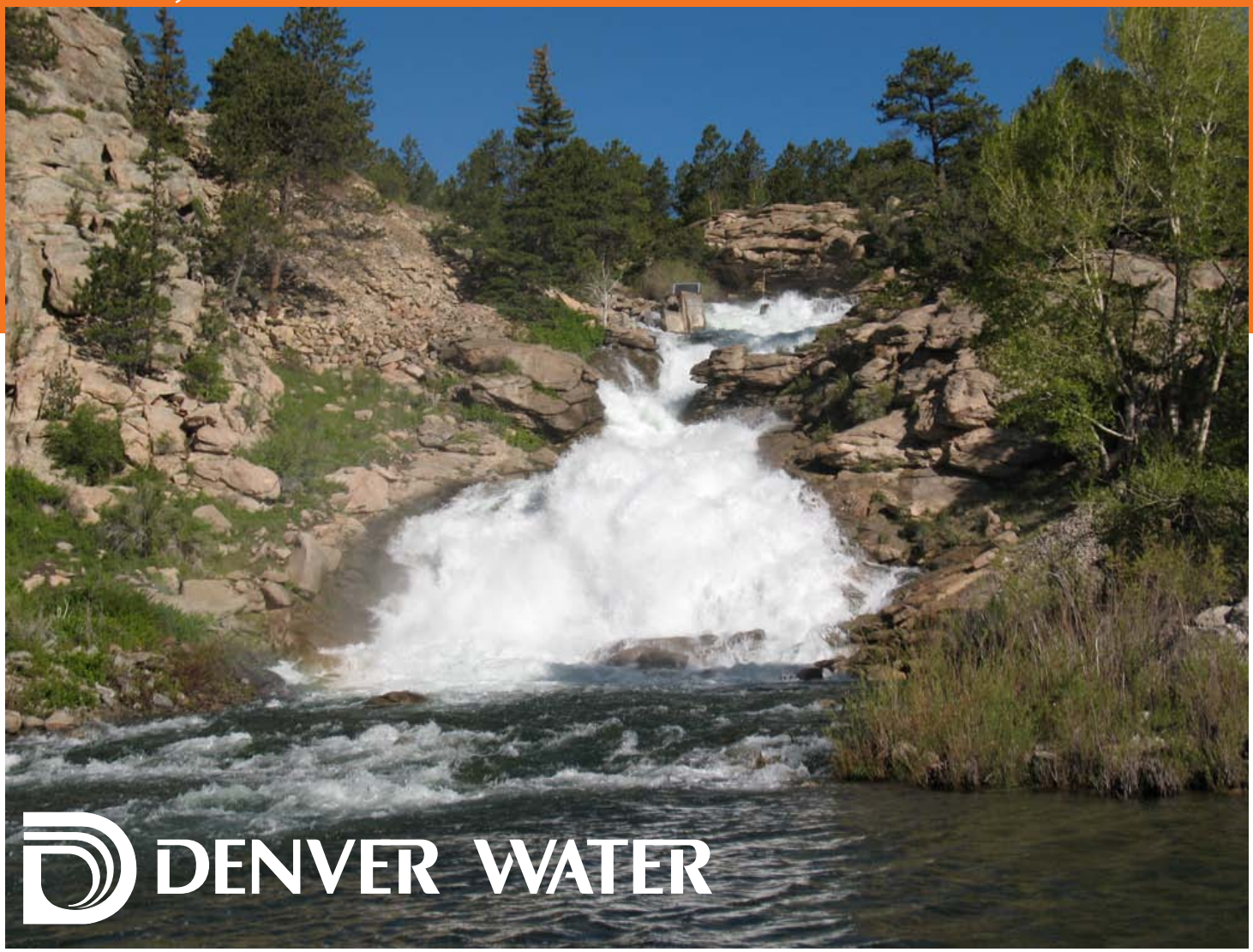
2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2010
Denver, Colorado



The City and County of Denver has determined under Governmental Accounting Standards Board Statements No. 14 and 39 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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For the year ended December 31, 2010
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DENVER WATER

Prepared by the Accounting Section of the Finance Division

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I - INTRODUCTORY SECTION

II - FINANCIAL SECTION

III - STATISTICAL SECTION

III - STATISTICAL SECTION (Continued)

III - STATISTICAL SECTION (Continued)

E - OPERATING INFORMATION (Continued)

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INTRODUCTORY SECTION

DENVER WATER

June 1, 2011

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, 2010.

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.

KPMG LLP, Certified Public Accountants, has issued an unqualified ("clean") opinion on Denver Water's financial statements for the year ended December 31, 2010. The independent auditor'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 auditors' 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 auditors' 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 U.S. Department of Energy for power interference.

In accordance with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, 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 be a responsible steward of the resources, assets and natural environments entrusted to us in order to provide a high-quality water supply, a resilient and reliable system, and excellent customer service.*

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 2011-2020 Ten-Year Capital Plan are $1,473 million, net of anticipated participation and reimbursement. The program includes:

- $230.0 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 ("the Corps") has released a draft Environmental Impact Statement ("EIS") evaluating the potential effects of this option. A public comment period followed during the first quarter of 2010. The Corps is now gathering supplemental information and responding to comments. A final decision on a permit is not likely before 2012.

- $124.2 million to meet the Board's goal of doubling our rate of main replacements and conduit and main rehabilitation over the next 10 years. This acceleration will raise our replacement cycle from 200 years to the industry standard of 100 years. Conduit and main replacement consists of the cement mortar relining of conduits and mains and extends their useful life at a significant savings over open trench replacement.

- $92.2 million for the replacement of the two obsolete clear water storage tanks at Hillcrest and Ashland.

- $75.0 million to meet the Board's goal of bringing the capacity of the Recycled Water Plant and distribution system to 17,000 acre feet by 2020.

- $16.3 million for additional clear water storage reservoirs at both the Moffat and Marston Treatment Plants.

- $50.0 million for a cooperative water supply project with other metro area water users.

Revenue adjustments identified in the 2011 financial plan are set at levels to meet annual revenue requirements, which include annual operation and maintenance expenses, payments on existing and proposed debt service, cash-funded capital projects, and cash reserve targets. Denver Water uses a combination of debt and cash reserves to maintain leveled annual revenue adjustments to meet these requirements. The use of debt to fund specific capital projects distributes the annual cost of facilities over time rather than requiring the full amount in any one year. The adopted revenue adjustment for 2010 will be effective beginning March 3, 2011. This adjustment produces a 10.4% of additional revenue over this ten month period. The annualized revenue adjustment over 12 months is 9.5%. In addition, annual revenue adjustments of 10.4% are projected in 2012 and 2013 followed by annual revenue adjustments of 2.1% in 2014 through 2020. The financial plan is updated annually.

Relevant Financial Policies and Practices – Investment Balance

Denver Water established a comprehensive set of financial policies and practices as a basic framework for the financial management of Denver Water and its planning and budgeting process. These policies and practices are listed in the Budget Book. Two related policies and practices 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 2011 with an actual investment balance of $225.4 million, at cost. The 2011 budget projects this balance to increase by receipts of $278.5 million and decrease by expenditures of $346.9 million, resulting in a projected 2011 ending balance of $157.0 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 – 2011 Goals and Objectives

- **Complete the Integrated Resource 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 over the next 40 years. This long-range planning effort continued throughout 2010, and the next update is expected to be published in 2011.

  The IRP will scrutinize water-demand projections and demand-management alternatives, and identify water efficiency opportunities and new facility needs. It also will examine potential challenges to the water system, such as 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 revisit 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 -** Denver Water has proposed the Moffat Collection System Project, a plan aimed at addressing an expected water supply shortage, helping customers through future droughts and providing a safety net if problems arise on the south end of the system (as the Hayman and Buffalo Creek fires highlighted in recent years). The project would increase the capacity of Gross Reservoir, located west of Boulder, providing Denver Water with 18,000 acre-feet of additional supply – enough water to serve about 45,000 households annually.

  The Corps has released a Draft Environmental Impact Statement for the project. The Corps is currently reviewing public comment regarding the Draft Environmental Impact Statement and is supervising additional studies. The Corps plans to release a Final Environmental Impact Statement in 2011. Though some preliminary design work was required for an adequate description of the proposed project, the permit from the Corps, the Federal Energy Regulatory Commission amendment (which regulates the hydropower plant at the reservoir) and several other permits are needed before the project's design can be completed and construction can begin.

- **Continue to Finalize Mediation with the West Slope -** In 2010, after more than three years of negotiation, we completed the first phase of the "global" mediation with West Slope entities including headwaters counties and water users and agricultural interests in the Grand Junction area. The agreement will resolve water management issues on the West Slope, the source of about half of Denver Water's supply, and supply Denver Water with additional water supply for its customers. In 2011, the parties to the agreement will go through their public approval procedures and we will begin implementation.

- **Continue Work for WISE -** The WISE Partnership consists of Denver Water, the City of Aurora, and the South Metro Water Supply Authority, which is made up of 14 water providers in Douglas County. WISE, which stands for Water, Infrastructure and Supply Efficiency, is a regional water supply project that will provide a reliable new supply by combining unused capacities in Aurora's Prairie Waters Project with as-available unused water supplies from Denver and Aurora. WISE will provide different benefits to each partner. The new supply provided by WISE will be used in most years by South Metro to help reduce its reliance on nonrenewable groundwater. Aurora will benefit by putting to use its excess Prairie Waters capacities, keeping costs down for its customers. Denver Water will use WISE as a new water reserve supply, which can be used during emergencies, such as system outages or extreme

droughts. All the partners will benefit from a greater degree of regional cooperation. In 2011, WISE partners plan to secure the use of infrastructure that is important to the project and develop a water delivery agreement between the partners.

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
The Service Area	Page III-13
Total Treated Water Delivered/Consumption	Page III-75

Information for prior years and information related to the City and County of Denver is available on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website at http://www.emma.msrb.org.

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, 2009. This was the 22nd 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, 2010. This is the 19th 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

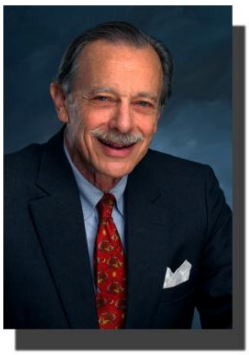
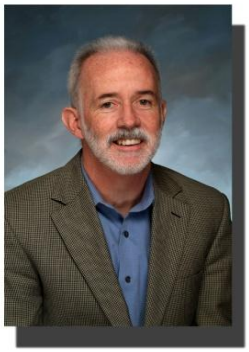
We wish to express our appreciation to all members of Denver Water who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Water Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Denver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

Sincerely,

James S. Lochhead
CEO/Manager

Angela C. Bricmont
Director of Finance

BOARD OF WATER COMMISSIONERS - As of December 31, 2010

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

John R. Lucero, President
Deputy Director, Mayor's Office of Economic Dev
Commissioner since July 18, 2007;
Term expires July 10, 2015.

Greg Austin, First Vice President
Former partner, Holland & Hart LLP.
Commissioner since July 28, 2009;
Term expires July 10, 2013.

Thomas A. Gougeon
President, Gates Family Foundation
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.

Penfield W. Tate III,
Attorney: Greenberg Traurig
Commissioner since October 18, 2005;
Term expires July 10, 2011.

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, 2010







Top: James S. Lochhead, CEO/Manager;
Second row from left: Marie L. Bassett, Director of Public Affairs; Angela C. Bricmont, Director of Finance; Christopher R. Dermody, Director of Information Technology; Carla Y. Elam-Floyd, Director of Human Resources;
Third row from left: Brian D. Good, Director of Operations & Maintenance; 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)

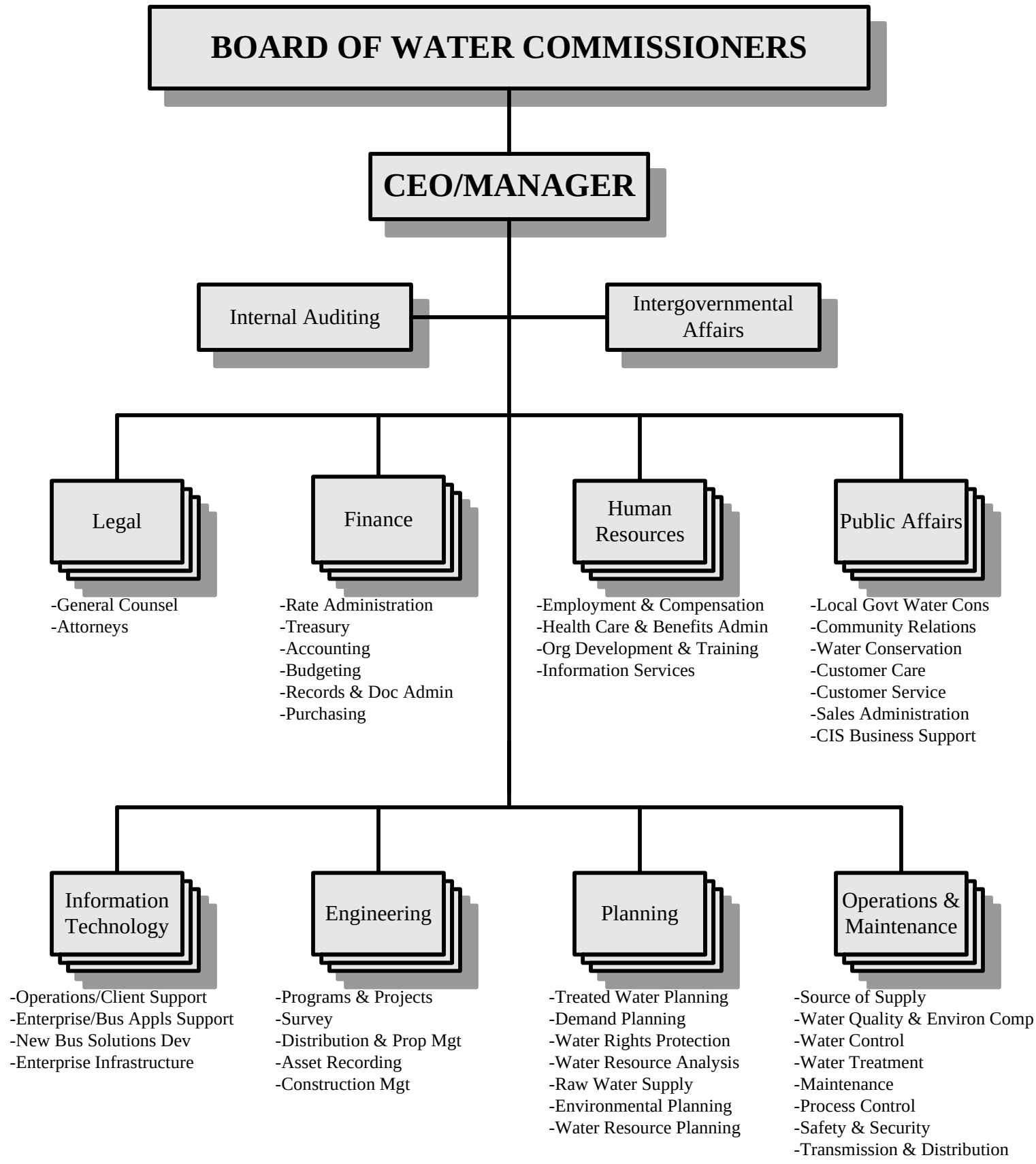
Manager and Senior Staff

James S. Lochhead, CEO/Manager
Marie L. Bassett, Director of Public Affairs*
Angela C. Bricmont, Director of Finance
Christopher R. Dermody, Director of Information Technology
Carla Y. Elam-Floyd, Director of Human Resources
Brian D. Good, Director of Operations & Maintenance
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 B. Coleman, Manager of Internal Auditing
Todd M. Cristiano, Mgr of Rate Admin (effective April 7, 2010)
Melissa E. Elliot, Manager of Water Conservation
Trina L. McGuire-Collier, Manager of Community Relations
Christopher N. Piper, Intergovernmental Affairs Coordinator
Thomas J. Roode, Assistant Chief of Engineering
Usha Sharma, Treasurer
Michael L. Walker, Attorney V

*Retired April 1, 2011


BOARD OF WATER COMMISSIONERS
CEO/MANAGER
Internal Auditing
Intergovernmental Affairs
Legal
-General Counsel
-Attorneys
Finance
-Rate Administration
-Treasury
-Accounting
-Budgeting
-Records & Doc Admin
-Purchasing
Human Resources
-Employment & Compensation
-Health Care & Benefits Admin
-Org Development & Training
-Information Services
Public Affairs
-Local Govt Water Cons
-Community Relations
-Water Conservation
-Customer Care
-Customer Service
-Sales Administration
-CIS Business Support
Information Technology
-Operations/Client Support
-Enterprise/Bus Appls Support
-New Bus Solutions Dev
-Enterprise Infrastructure
Engineering
-Programs & Projects
-Survey
-Distribution & Prop Mgt
-Asset Recording
-Construction Mgt
Planning
-Treated Water Planning
-Demand Planning
-Water Rights Protection
-Water Resource Analysis
-Raw Water Supply
-Environmental Planning
-Water Resource Planning
Operations & Maintenance
-Source of Supply
-Water Quality & Environ Comp
-Water Control
-Water Treatment
-Maintenance
-Process Control
-Safety & Security
-Transmission & Distribution

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

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

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

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

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)

Certificate of Achievement for Excellence in Financial Reporting

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Colorado

For its Comprehensive Annual
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December 31, 2009

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President

Executive Director

The Year 2010 in Review

In spring 2010, Denver Water was dealt a shocking blow. Our revered CEO/Manager, Chips Barry, died in a tractor accident on his farm in Hawaii, two months before retiring. At the same time, his successor, Jim Lochhead, had just begun transitioning from his job as a water rights attorney on the West Slope to his new role as the leader of the state's oldest and largest water utility, an especially challenging task in light of Barry's death.

Barry was a respected and witty manager who, during his 20-year tenure, oversaw several notable achievements at Denver Water, including building the state's largest recycled water system, monitoring the recovery from several destructive wildfires in our watershed and leading the scramble to recover from a drought of record proportions. A month after Barry's death, Lochhead gracefully stepped into his new position eager to continue the legacy Barry had helped create.

Barry's death marked a sobering time in Denver Water's history, but he left an organization full of dedicated employees with a shared goal: to deliver high-quality water to customers without fail.

We are proud to continue that mission, and we are committed to doing so responsibly – by helping customers use water wisely, by serving as responsible stewards of the environment, by holding high standards for treatment and delivery, and by positioning Denver Water to meet the needs and challenges of the future.

Major 2010 projects and accomplishments

Cheesman Dam upgrades – Denver Water's 105-year-old Cheesman Dam is in the midst of a major upgrade. In 2010, we started construction on a two-year, $18 million project to upgrade the dam's valve system – which was installed when the dam was built in 1905 – and to install underwater trash racks to prevent debris from clogging the outlet works. Crews also installed new control equipment, constructed a new control building, and updated the dam's electrical systems. Because we need the water in Cheesman all year long to meet customers' needs, much of the work had to be done underwater, using specialized divers. Teams of divers spent 30 days at a time, all summer long, living inside of a compression chamber and taking turns working underwater on the dam. The project, one of the most complex of its type in recent history, will help maintain dam safety, provide a viable water supply and ensure continued smooth operations at Cheesman.

Strontia Springs Reservoir dredging project – Since the 1996 Buffalo Creek Fire and the 2002 Hayman Fire, more than 1 million cubic yards of sediment have washed into Strontia Springs Reservoir, limiting the amount of water storage available in the reservoir and creating water quality problems for Foothills and Marston treatment plants downstream. To combat those problems, we began a major dredging project in late summer 2010 that will remove 625,000 cubic yards of sediment – enough to cover a football field to a height of 200 feet – from the bottom of Strontia Springs and pipe it down Waterton Canyon to our Kassler complex, where the sediment will be temporarily stored. The $30 million project,

which will be paid partially by Aurora Water because it is responsible for approximately 16 percent of the reservoir's maintenance, may extend into 2012 if crews are able to remove more sediment than planned.

Williams Fork Dam upgrade project – Major construction work began at Williams Fork Dam in early 2010, when crews started a two-year, $17 million project to install a new hydro turbine and expand and repair the outlet works at the dam. The dam's outlet works, where operators control the amount of water flowing from the reservoir into the river, were installed during the dam's original construction in the 1930s. Once complete, repairs to the building's aging electrical and mechanical systems, as well as to the 50-year-old valves, will bring the outlet works up to current state standards and help it run more efficiently. The new 0.5 megawatt hydro turbine will increase the power of the plant's generating capacity to 3.6 megawatts, enough electricity to power more than 3,000 homes. The new turbine also will allow us to generate electricity during the winter, when the reduced water flows are too low to generate power with the existing 3.1 megawatt turbine.

Marston Treatment Plant upgrades – Filter Plant No. 2 at Marston Treatment Plant underwent a major $6 million upgrade and remodel in 2010. Crews demolished the filter plant's interior, replaced the anthracite coal and sand, installed new pipe in the pipe gallery, stripped the paint, and swapped out an outdated valve-operating system with a modern electronic version. Workers also removed the outdated sea-foam green tile and remodeled Filter Plant No. 2 to match its neighbor, Filter Plant No. 1, which was upgraded in 2003.

Conservation – Almost a decade after one of Colorado's worst droughts, it's clear that customers are embracing a culture of conservation. In 2010, customers used 19 percent less water than they were using before the 2002 drought, even though there are 10 percent more of them.

The decline in water use can, in part, be credited to the variety of programs we offer to encourage conservation. In 2010, we revamped our water enforcement program by hiring 11 temporary workers to serve as our roving crew of Water Savers. The Water Savers rode bicycles or drove fuel-efficient cars, educating more than 4,300 customers about water waste and enforcing our summer watering rules. Our soil amendment program also was a success in 2010. We performed 1,097 soil amendment inspections on more than 5 million square feet of land that was prepped for landscaping. Requiring soil amendments at these sites has the potential to reduce those yards' water needs by more than 20 million gallons of water per year.

Our popular rebate program continues to help customers use less water. Outdoor commercial rebates were up 62 percent compared with 2009, and residential outdoor rebates were up 19 percent in that same time period. Also, residential indoor rebates were up almost 10 percent from 2009. We used a number of other successful approaches to help customers conserve – from offering high water users incentive contracts for reducing their water use to dispatching our award-winning Use Only What You Need advertising campaign throughout the city.

Cement-mortar lining project – In 2010, Denver Water rehabilitated more than 35,000 feet of pipe, some of which was a century old, in the Washington Park neighborhood. Pipes cannot always be rehabilitated; sometimes they must be replaced. But depending on the situation, rehabilitation costs are 10

to 40 percent less than open-trench replacement. Cement-mortar lining makes pipes more useful by improving fire flow capacities and water quality.

Pipe replacement – By late fall, our Transmission and Distribution crews had exceeded their 2010 goal of replacing 53,500 feet of pipe. Keeping our distribution system maintained by replacing old, leaky pipes helps us distribute water to customers efficiently and reduces the number of expensive and inconvenient repairs caused by main breaks.

Conduit 3 response – When a FasTracks contractor working in northwest Denver hit one of our 30-inch conduits, causing it to rupture, Denver Water crews wasted no time isolating the break and testing the water in the area to ensure it hadn't been contaminated. The Colorado Department of Public Health and Environment issued a boil water advisory that day – the first one in Denver Water's history – which meant we had to notify all customers in that area as quickly as possible. More than 100 employees went door-to-door to homes and business in the area, advising people to boil their water. Those who weren't home received a door hanger. We issued a Reverse 911 call in English and Spanish. And employees staffed distribution stations to hand out bottled water to customers. Within a day, the contractor had repaired the pipe and the boil advisory had been lifted. Our employees' fast and dedicated response proved, once again, that serving high-quality water to our customers is our most important priority.

Forest health partnership – In the fall, Denver Water and the U.S. Forest Service announced plans to split an investment of $33 million, over a five-year period, in restoration projects on more than 38,000 acres of National Forest lands. Recent wildfires and the state's 3 million acres of pine beetle-infested forests have emphasized the need to protect forest health. This partnership will accelerate and expand the U.S. Forest Service's ability to restore forest health in watersheds critical for Denver Water's water supplies and infrastructure. Forest thinning and other wildfire fuels reduction projects will take place around and upstream of Denver Water reservoirs. Restoration also will help the forests become more resistant to future insect and disease, reduce wildfire risks, and maintain habitat for fish and wildlife.

Recycled Water Master Plan – In 2010, we revised our Recycled Water Master Plan, which will help us plan for future growth of our recycled water system. The plan outlines potential customers, and details the infrastructure that needs to be installed and its respective timing.

Recycled water system expansion – Every year, we continue to expand our recycled water system. The recycled water treatment plant opened in 2004 to provide industrial and irrigation customers – those who don't need drinking water – with high-quality recycled water. By recycling treated water from the Metro Wastewater Reclamation District's plant, we're freeing up drinking water for other purposes. Once the recycled water distribution system is complete, expected in the next decade, it will produce 17,500 acre-feet of water – the equivalent to the amount of water used by about 43,000 households each year.

In 2010, we expanded our recycled water system to serve irrigation customers, including:

- East High School grounds
- Sixth Avenue median, between Uinta Parkway and Roslyn Street
- Ulaanbaatar Park in Lowry

- Fifth Avenue median, from Roslyn Street to Quebec Street
- Stanley British Primary Soccer Field in Lowry
- Montclair Recreation Center Playing Fields
- Westerly Creek School grounds
- Stapleton Central Park Recreation Center

Recycled water conduit 302 – In fall 2010, crews broke ground on a major conduit installation project. Conduit 302 will serve as the backbone infrastructure for recycled water delivery on the northeast side of Denver Water's service area. The 36/30-inch conduit will deliver recycled water to north Stapleton, the Rocky Mountain Arsenal, and the Montbello and Gateway Park neighborhoods. During the next decade, crews will extend the conduit to Green Valley Ranch and Denver International Airport.

The $10 million project, which includes the installation of 33,000 feet of conduit, is expected to be complete by October 2011.

Moffat Collection System Project – We continue to move forward with plans for a major supply project on the north end of our system. In 2010, the U.S. Army Corps of Engineers reviewed public comments regarding the Draft Environmental Impact Statement that the Corps released in 2009. The Corps also supervised additional studies for the project and plans to release the Final Environmental Impact Statement in 2011.

Rather than building a new reservoir, the project will expand Gross Reservoir, which is located on the north end of Denver Water's system. The project will help resolve a serious imbalance in Denver Water's collection system. About 80 percent of Denver's water is on the south end of the system, which means our customers rely on the unimpeded operation of Strontia Springs Reservoir, a key supply component of our southern delivery system. When an emergency occurs above this reservoir, the operation of the entire system is threatened, as the Hayman and Buffalo Creek fires highlighted in recent years.

The project also will provide an additional 18,000 acre-feet of water supply, enough to serve about 45,000 Denver area households annually, while providing a safety net if problems arise elsewhere in the system.

Downstream Reservoir Water Storage Project – In 2010, we continued work on the Downstream Reservoir Water Storage Project by building the Fulton Inlet Pipeline to deliver water from the Fulton Ditch to reservoirs in the North Complex. The Downstream Reservoir Water Storage Project allows us to store and release reusable water in our system through the use of old gravel pits that have been remodeled to store water. This $175 million project allows us to keep upstream water while releasing water from the gravel pits north of the city to meet downstream water requirements. It also allows us to operate our recycled water plant year-round. There are three complexes in the project, which have an estimated total storage volume of 33,192 acre-feet of water. We opened the first, the South Reservoir Complex, in 2009, and we continued design and construction of the North Reservoir Complex in 2010. The North Reservoir Complex and the final complex, Lupton Lakes, are expected to open in the next decade or so.

ERT replacement project – Customer service employees are in the midst of a three-year ERT replacement project. Encoder receiver transmitters (ERTs) are automated meter reading devices that

electronically transmit water consumption data to meter readers as they drive by in their trucks. In 2010, crews replaced about 39,000 of the 86,000 ERTs that are nearing the end of their battery-powered life. The new ones, thanks to technological advances, will have a 20-year lifespan.

Mediation with the West Slope – In 2010, we reached conceptual agreement with the West Slope after several years of negotiation. The agreement will help resolve water management issues on the West Slope and for Denver Water, provide environmental benefits, and resolve longstanding issues without the uncertainty of litigation. In 2011, the parties will collectively work toward implementing the agreement.

Strategic Plan – In 2010, we began a new strategic planning process, which is the foundation for Denver Water's work. It's the strategy by which we will fulfill our vision and mission for many years to come.

Quivas building – Office space at Denver Water's administration building is hard to come by these days. In spring 2010, employees in meter reading, customer care and portions of conservation moved to an office a few blocks south of Denver Water's west side complex. The move required tremendous coordination with IT, maintenance and other departments to ensure employees could be relocated without inconveniencing customers.

Green operations – An employee-led group has spearheaded the charge to help our operations become more environmentally friendly. In early 2010, Denver Water's Green Team provided employees with an RTD Eco Pass, which encourages them to ride the bus or light rail instead of commuting to work. The team hosted a green fair, in which vendors provided information on green services and products, and various Denver Water teams and sections hosted tables to share information on what Denver Water is doing internally to improve the sustainability of our operations. The team also is developing a sustainability plan for Denver Water, which will reduce costs and help us use resources more efficiently. And each year, the Green Team completes a greenhouse gas inventory for The Climate Registry to measure Denver Water's carbon footprint. Doing so helps us identify ways to lessen our impact on the environment.

Legislative impacts

Five pieces of legislation were enacted in the 2010 session of the Colorado General Assembly that directly affects Denver Water's policies or operations.

House Bill 10-1051 creates a process for determining a standard for statewide water conservation data collection. House Bill 10-1358 requires builders of new homes to offer buyers water-smart home options. Senate Bill 10-025 extends the repeal of the water efficiency grant program and appropriated money toward the program. Senate Bill 10-027 makes consistent the fines for illegal diversions of both surface and ground water. And Senate Bill 10-046 creates more flexibility in dealing with the bark beetle epidemic through the creation of Forest Improvement Districts.

Financial responsibility

Denver Water must recover the full cost of providing water service, including day-to-day operations and capital expenditures, from water rates, new tap fees and the sale of hydropower. We take our mission to be responsible stewards of our financial assets very seriously. In our efforts to be as efficient as possible, Denver Water is working to strengthen our culture of accountability and ensure that every dollar spent is spent wisely. We continually seek to improve our procurement and project delivery processes, look for efficiencies and ensure that we are being responsible and efficient. Over the past several years, we have built internal processes to ensure that our capital projects are delivered on time and on budget. We are now incorporating the same, enterprise-wide focus on our operating budget and, as we implement our strategic plan, we will go even further to guarantee that our ratepayers are getting optimal value for their money. Two of the three largest bond rating agencies have recognized our strong financial position and assigned AAA bond rating to our bonds, the highest available.

2010 water rates – Denver Water's charter permits water rates to be set "as low as good service will permit." At the same time, water is a scarce natural resource, and we have an obligation to discourage customers from wasting it. As a result, our water rates are designed to encourage efficient use while recovering the full cost of providing service. Denver Water typically adjusts its rates each year to accommodate the rising costs of providing water service and maintaining our aging system.

In 2010, average Denver residential customers saw their bills increase by about $40 a year — an average of $3.30 per month, or about $12 on a summer bill. Typical suburban residential customers served by Denver Water saw an increase of $51 per year — an average of $4.30 per month, or about $16 on a summer bill.

In 2011, typical Denver residential customers will pay $41 more per year – an average of about $3.40 per month. And typical suburban residential customers served by Denver Water will see an increase of $32 per year – an average of $2.66 per month.

Build America Bonds – In 2010, Denver Water issued $90 million in Build America Bonds at a net interest rate of 3.1 percent – so low, in fact, that it was the lowest debt cost achieved by the Board since 1956. The bonds will help Denver Water pay for capital expenditures, such as infrastructure improvements.

Capital Program Review – To help focus the entire organization on executing the Board's 10-year capital plan, a group composed of representatives from various divisions developed a capital program review process. Thanks to the new process, Denver Water expects to complete 96 percent of its capital projects, up from an expected 68 percent in 2009.

Risk management – New risk-management initiatives implemented in 2010 will help ensure that Denver Water contracts comply with insurance and other risk-related requirements.

Efficient staff – From 1977 to 2010, our number of customers has grown more than 40 percent. Yet thanks to technological advancements and efficient operational changes, the number of employees has

grown only 26 percent during that same time period. Our 1,100 employees are doing more with less, but they remain committed to doing their jobs as efficiently and responsibly as possible.

Health care costs – Denver Water values a productive and healthy workforce. In light of rising health care costs, we have worked hard to provide employees with a comprehensive health care benefits package that's affordable, but still fiscally responsible to our ratepayers. After an evaluation of our benefit programs in 2006, Denver Water has increased employees' share of health care costs through higher copays and other out-of-pocket expenditures. Our benefit programs are evaluated every year to determine ways to control cost increases to employees and to the organization while still providing comprehensive coverage.

Employee compensation study – In 2010, work began on a process to evaluate our current employee compensation program and identify alternative compensation models. An employee workgroup is collaborating with Human Resources to recommend adjustments to the current system that will ensure Denver Water offers compensation that is competitive with the marketplace, provides the flexibility to reward employees who contribute to the achievement of our strategic objectives, and is fiscally responsible to our ratepayers. We hope to implement the plan in 2012, and executive staff will provide regular updates to the Board and employees as this process moves forward.

Raw water storage

September 2010 was the hottest September since the 1940s; in fact, average daily high temperatures were more typical of August weather than September. Despite the extended irrigation season, Denver Water ended 2010 with reservoirs slightly fuller than they normally are at the end of the year. And that's a good thing, especially if 2011 turns out to be a dry year.

Awards

Excellence in financial reporting – For the 22nd consecutive year, Denver Water received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The award recognizes state and local governments that produce comprehensive annual financial reports that are easily readable and efficiently organized and that satisfy both generally accepted accounting principles and applicable legal requirements.

Distinguished budget – For the 19th consecutive year, Denver Water received the Distinguished Budget Presentation Award from the Government Finance Officers Association. The budget presentation award acknowledges state and local governments whose budgets serve as a policy document, financial plan, operations guide and communications device.

Taste test winner – Denver Water placed first in a taste test among water utilities in Colorado, Wyoming and New Mexico at the American Water Works Association Rocky Mountain Section's annual conference. Our sample received the highest scores based on appearance, smell, taste and overall impression, and will move on to represent the Rocky Mountain Section nationally in the 2011 AWWA Best of the Best Water Taste Test.

Annual tapping competition – A Denver Water Transmission and Distribution crew placed second in the 2010 American Water Works Association Rocky Mountain Section's annual tapping competition in Keystone. During the competition, crews race to install a tap, flared copper service and meter to a cement-lined ductile iron pipe. It's a skillful display of the talents crews employ every day when installing and repairing pipes throughout the distribution system. Denver Water's team finished tapping the pipe in 2 minutes and 18 seconds.

Employee athletic achievements – For the second year in a row, a group of employees participated in Denver's Dragon Boat Festival. The team, named H2Row, placed third in the government division. Also, three employee teams participated in the Colfax Marathon. The women's team took third place in the municipal division, and the two men's teams placed first and fifth in the same category.

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When Denver Water was founded almost a century ago, it vowed to deliver customers high-quality water at a good value. Each year, the projects we complete and the accomplishments we are lauded for help us meet that obligation. As always, we will continue to balance our fiscal, environmental and social responsibilities so we can continue providing reliable water service to our customers all day, every day.

FINANCIAL SECTION

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

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KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202-3499

Independent Auditors' Report

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

We have audited the accompanying financial statements of the business-type activities 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 year ended December 31, 2010, which collectively comprise the Board's basic financial statements 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 audit. The accompanying financial statements of the business-type activities of the Board as of and for the year ended December 31, 2009 were audited by other auditors whose report thereon dated March 24, 2010 expressed an unqualified opinion on those basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides 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 business-type activities of the Board of Water Commissioners, City and County of Denver, Colorado as of December 31, 2010, and the respective changes in financial position and cash flows thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2011 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages II-3 through II-16 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The introductory section, supplemental financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section, supplemental financial information, and statistical section 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.

KPMG LLP

June 3, 2011

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, 2010 and 2009. This information should be read in conjunction with the basic financial statements which follow.

FINANCIAL HIGHLIGHTS

The Board's financial position, measured by the change in net assets, improved 2% during 2010, compared to 3% during 2009.

- ***Operating income*** was $28.5 million in 2010 compared to $3.4 million in 2009, an increase of 736%.
- ***Income before capital contributions*** was $3.6 million in 2010 compared to a loss of $21.9 million in 2009, an increase of 117%.
- ***Capital contributions*** were $27.8 million in 2010 compared to $66.7 million in 2009, a decrease of 58%.
- ***Net assets*** increased $31.4 million, or 2%, in 2010 compared to $44.8 million, or 3%, in 2009.
- ***Capital asset additions*** were $125.8 million in 2010 compared to $103.1 million in 2009, an increase of 22%.
- ***Build America Bonds*** were issued under the American Recovery and Reinvestment Act of 2009 in the amount of $90.0 million dated September 28, 2010 for the acquisition of various capital improvements. The Board is eligible to receive a direct federal subsidy in an amount equal to 35% of the interest payable on the bonds on each payment date.

OVERVIEW OF THE BASIC 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 financial outcomes

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 basic financial statements** provide additional information that is essential to a full understanding of the data provided in the basic 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 $1.583 billion at December 31, 2010, an increase of $31.4 million, or 2%, from December 31, 2009. Net assets were $1.551 billion at December 31, 2009, an increase of $44.8 million or 3% from December 31, 2008 (see Figures 1 and 2 and Table 1).

Figure 1 - Net Assets

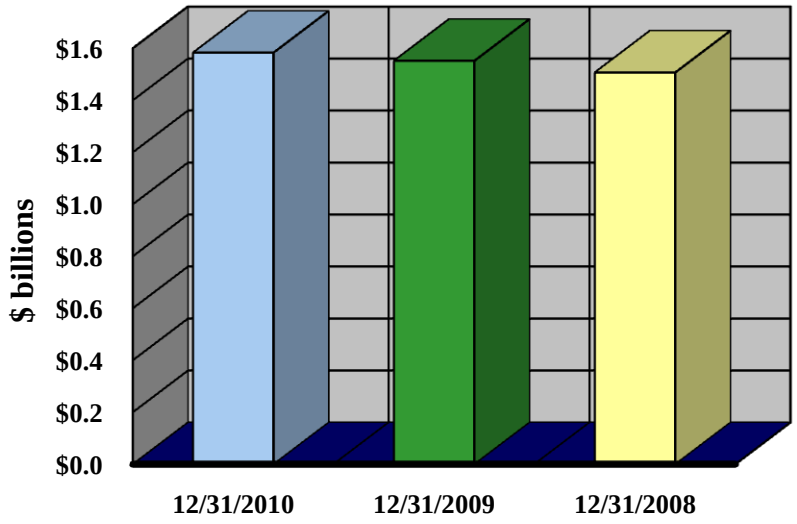


Table 1 - Condensed Statements of Net Assets
(amounts expressed in thousands)

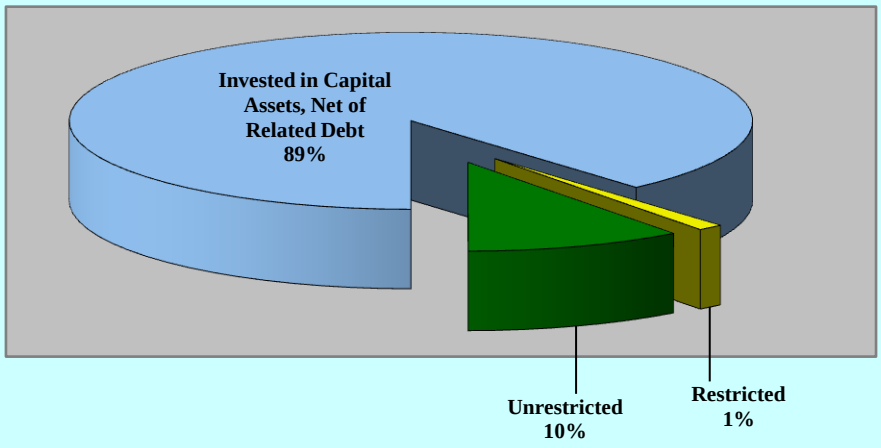
	As of December 31,			2010 - 2009		2009 - 2008	
	2010	2009	2008	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Current and other assets	**$ 279,680**	$ 251,694	$ 268,527	$ 27,986	11%	$ (16,833)	(6)%
Capital assets, net	**1,826,912**	1,760,004	1,705,001	66,908	4	55,003	3
Total assets	**2,106,592**	2,011,698	1,973,528	94,894	5	38,170	2
Current liabilities	**65,697**	66,479	58,793	(782)	(1)	7,686	13
Noncurrent liabilities	**458,086**	393,859	408,219	64,227	16	(14,360)	(4)
Total liabilities	**523,783**	460,338	467,012	63,445	14	(6,674)	(1)
Net assets:							
Invested in capital assets, net of related debt	**1,401,820**	1,363,848	1,319,268	37,972	3	44,580	3
Restricted	**18,912**	13,233	9,005	5,679	43	4,228	47
Unrestricted	**162,077**	174,279	178,243	(12,202)	(7)	(3,964)	(2)
Total net assets	**$ 1,582,809**	$ 1,551,360	$ 1,506,516	$ 31,449	2	$ 44,844	3

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 represent resources that are subject to external restrictions on how they may be used. The Board's 2010 restricted net assets consist of a debt service reserve fund of $18.9 million for bonds and the Certificates of Participation ("COPs") capital lease. For 2009, restricted net assets consisted of the debt service reserve fund of $13.2 million. For 2008, restricted net assets consisted of the debt service reserve fund of 9.0 million.

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.

Figure 2 - Net Asset Categories as of December 31, 2010



The Board's increase in net assets during 2010 of $31.4 million or 2% 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 $31.4 million in 2010 consisting of income before capital contributions of $3.6 million and capital contributions of $27.8 million. 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 (see Table 2 and Figure 5).

Table 2 - Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets
(amounts expressed in thousands)

	Years Ended December 31,			2010 - 2009		2009 - 2008	
	2010	2009	2008	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Operating revenues	**$ 233,507**	$ 193,030	$ 216,262	$ 40,477	21%	$ (23,232)	(11)%
Nonoperating revenues	**10,436**	3,627	12,567	6,809	188	(8,940)	(71)
Total revenues	**243,943**	196,657	228,829	47,286	24	(32,172)	(14)
Operating expenses	**205,022**	189,623	171,344	15,399	8	18,279	11
Nonoperating expenses	**35,275**	28,941	25,613	6,334	22	3,328	13
Total expenses	**240,297**	218,564	196,957	21,733	10	21,607	11
Income (loss) before capital contributions	**3,646**	(21,907)	31,872	25,553	(117)	(53,779)	(169)
Capital contributions	**27,803**	66,751	39,991	(38,948)	(58)	26,760	67
Increase in net assets	**31,449**	44,844	71,863	(13,395)	(30)	(27,019)	(38)
Beginning net assets	**1,551,360**	1,506,516	1,434,653	44,844	3	71,863	5
Ending net assets	**$ 1,582,809**	$ 1,551,360	$ 1,506,516	$ 31,449	2	$ 44,844	3

There was ***operating income*** (operating revenues less operating expenses—not reflected in Table 2, see *Statements of Revenues, Expenses and Changes in Fund Net Assets*) of $28.5 million in 2010, compared to $3.4 million in 2009 and $44.9 million in 2008 (see Figure 3).

There was ***income before capital contributions*** of $3.6 million in 2010 compared to a loss of $21.9 million in 2009 and income of $31.9 million in 2008 (see Figure 4).

Figure 3 - Operating Income

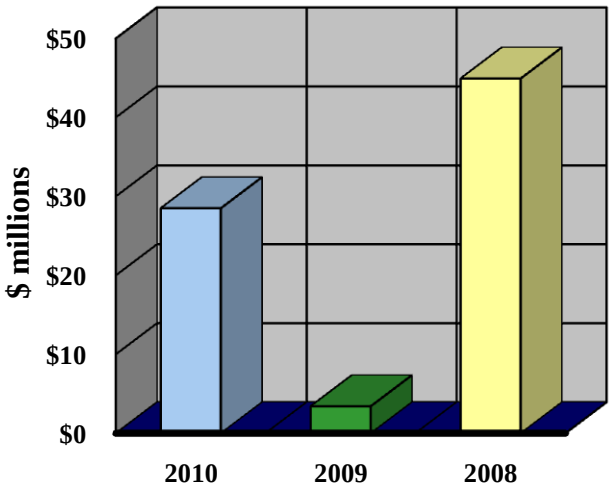


Figure 4 - Income (loss) before Capital Contributions

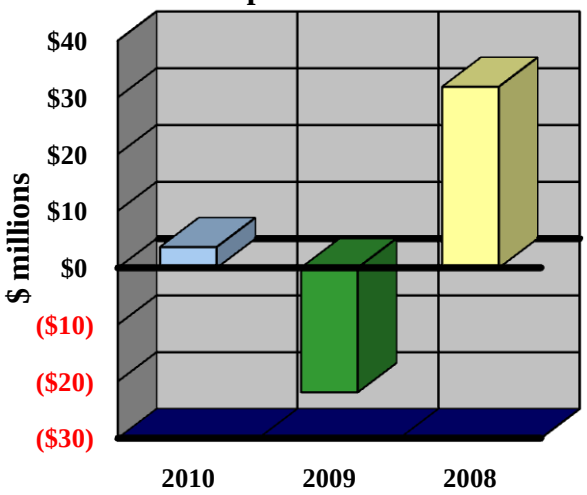
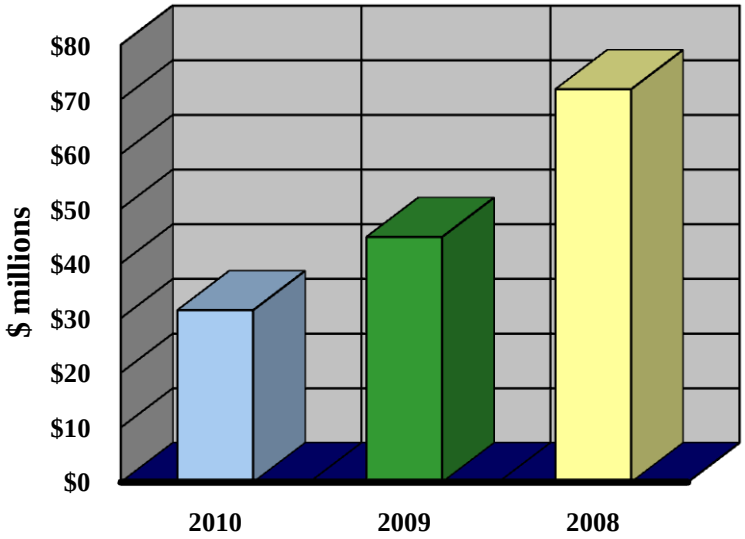


Figure 5 - Increase in Net Assets



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

- **OPERATING REVENUES** in 2010 increased $40.5 million, or 21% from 2009. They decreased $23.2 million, or 11% between 2009 and 2008 (see Figure 6 and Table 3).

Figure 6 - Operating Revenues

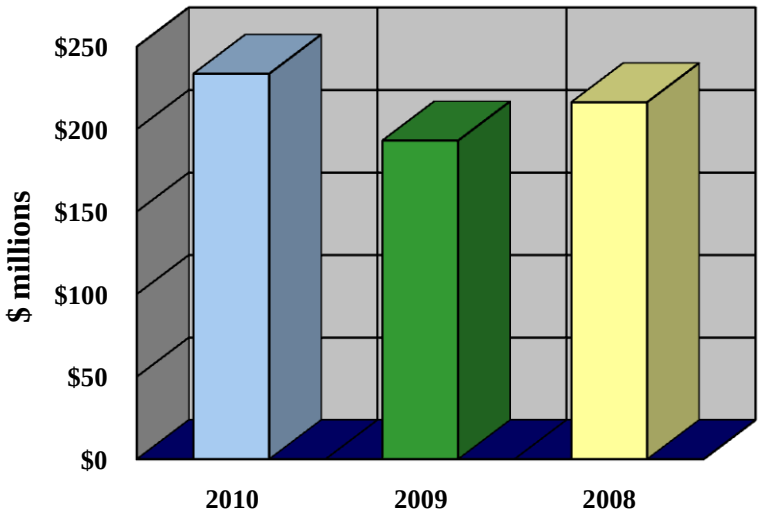


Table 3 - Operating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2010 - 2009		2009 - 2008	
	2010	2009	2008	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Water:							
Water sales	**$ 224,489**	$ 184,396	$ 205,941	$ 40,093	22%	$ (21,545)	(10)%
Power generation and other:							
Power sales	**4,000**	4,949	4,315	(949)	(19)	634	15
Special assessments	**5,018**	3,685	6,006	1,333	36	(2,321)	(39)
	9,018	8,634	10,321	384	4	(1,687)	(16)
Total operating revenues	**$ 233,507**	$ 193,030	$ 216,262	$ 40,477	21	$ (23,232)	(11)

Highlighted items in yellow are discussed below.

Water sales in 2010 increased due to an 13% increase in water sold (77.244 billion gallons sold in 2010 compared to 68.192 billion gallons sold in 2009) and a rate increase effective February 3, 2010, designed to increase overall total system water rate revenue by 6%. 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.

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%. The decrease during 2009 was attributable to the economy, an unusually wet summer, and continued conservation efforts on the part of our customers.

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.

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 2010 was due to the resumption of the delinquent bill charges.

- **NONOPERATING REVENUES** in 2010 increased $6.8 million, or 188% from 2009. They decreased $8.9 million, or 71% between 2009 and 2008 (see Table 4).

Table 4 - Nonoperating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2010 - 2009		2009 - 2008	
	2010	2009	2008	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Investment income	**$ 1,336**	$ 948	$ 9,141	$ 388	41%	$ (8,193)	(90)%
Other nonoperating income	**9,100**	2,679	3,426	6,421	240	(747)	(22)
Total nonoperating revenues	**$ 10,436**	$ 3,627	$ 12,567	$ 6,809	188	$ (8,940)	(71)

Highlighted items in yellow are discussed below.

Investment income changes from year to year are due to a combination of changes in interest rates earned, changes in fair market values, and changes in average investment balances. The increase in 2010 was the result of an increase in unrealized gains of $2.8 million due to an appreciation in market values of portfolio holdings, which was partially offset by a decrease in realized gains of $2.4 million due to lower interest income earned on investments in Denver Water's portfolio as well as higher realized losses on securities purchased at a premium.

The decrease in 2009 from 2008 was the result of 1) a realized decrease of $5.7 million due 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 2) an unrealized decrease of $2.5 million due to a decline in market values of fixed income investments following a rebound in equity markets and lower demand for the safest securities.

Other nonoperating income increased in 2010 due to 1) the settlement of a prior year legal liability accrual at a lesser amount than anticipated, 2) increased processing charges to Denver Wastewater for reimbursement of sewer billing and collection expenses, and 3) the 35% interest subsidy received from the federal government on Build America Bonds issued under the American Recovery and Reinvestment Act of 2009 for the Series 2009A and 2010B issues.

- **OPERATING EXPENSES** in 2010 increased $15.4 million, or 8% from 2009. They increased $18.3 million, or 11% between 2009 and 2008 (see Figures 7, 8, 9 and Table 5).

Figure 7 - Total Operating Expenses

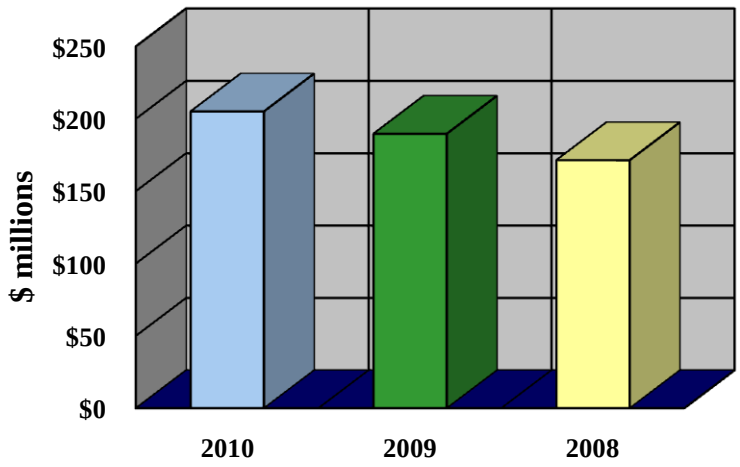
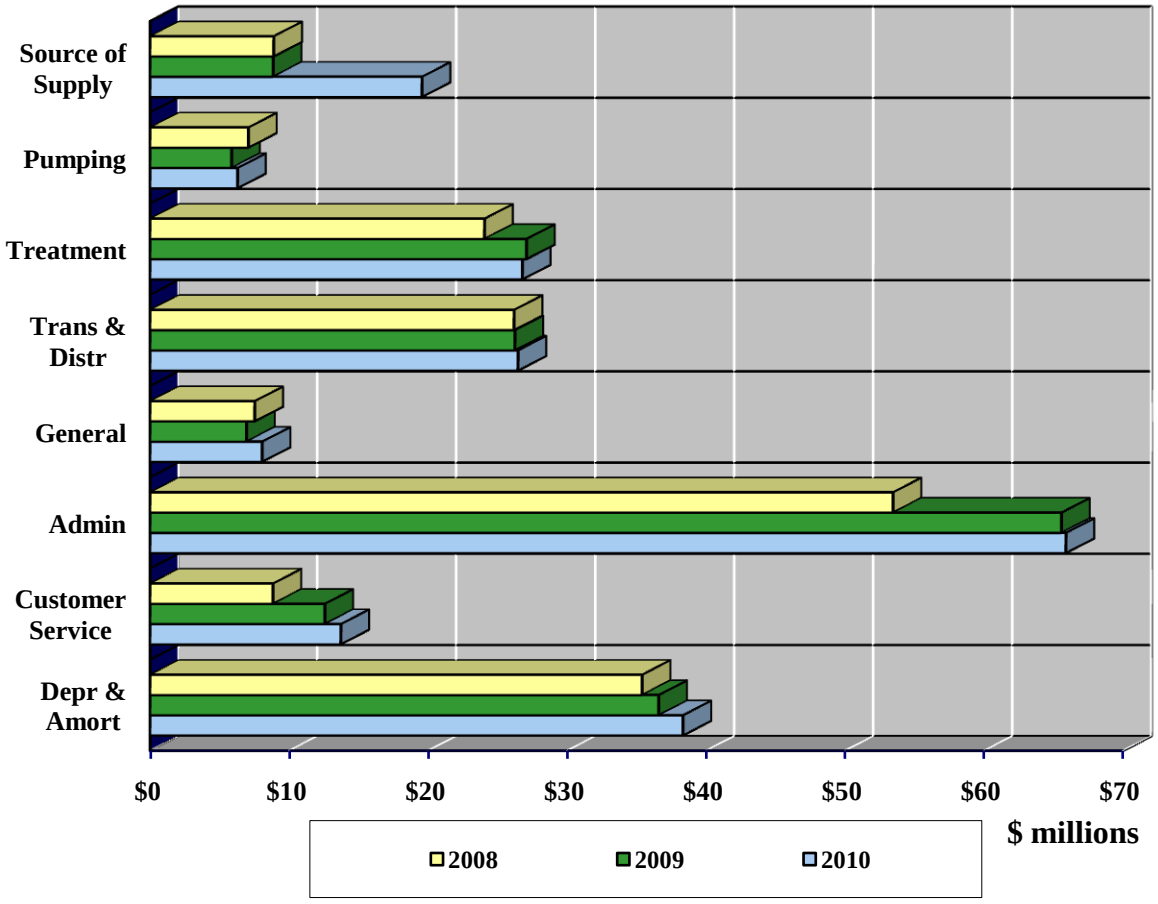


Table 5 - Operating Expenses by Category
(amounts expressed in thousands)

	Years Ended December 31,			2010 - 2009		2009 - 2008	
	2010	2009	2008	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Source of supply	**$ 19,554**	$ 8,840	$ 8,885	$ 10,714	121%	$ (45)	(1)%
Pumping	**6,280**	5,851	7,063	429	7	(1,212)	(17)
Treatment	**26,770**	27,069	24,051	(299)	(1)	3,018	13
Transmission & distribution	**26,457**	26,233	26,177	224	1	56	0
General	**8,048**	6,925	7,519	1,123	16	(594)	(8)
Administrative	**65,878**	65,562	53,436	316	0	12,126	23
Customer service	**13,713**	12,561	8,831	1,152	9	3,730	42
Depreciation and amortization	**38,322**	36,582	35,382	1,740	5	1,200	3
Total operating expenses	**$ 205,022**	$ 189,623	$ 171,344	$ 15,399	8	$ 18,279	11

Highlighted items in yellow are discussed below.

Figure 8 - Operating Expenses by Category



2010

Source of Supply – Increased primarily due to a 2-3 year project to remove sedimentation at Strontia Springs Reservoir.

Customer Service – Increased primarily due to increased costs in customer records, water sales administration, and field service.

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 residuals drying beds; and increased chemicals purchases.

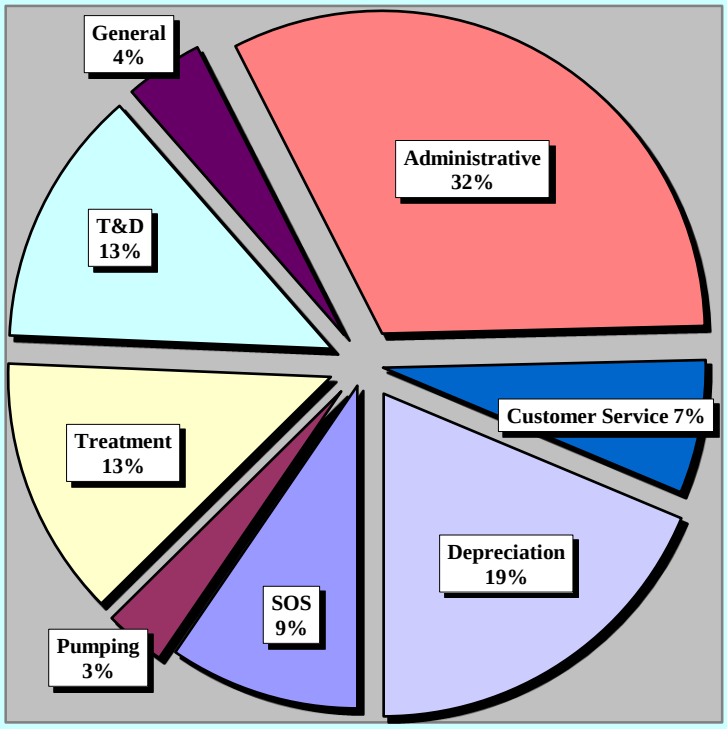
Administrative - Increased primarily due to increased expenses in Public Affairs and Information Technology, and increased legal claims.

- 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 Electronic-Receiver-Transmitter ("ERT") devices.

Figure 9 - Operating Expense Categories as a Percent of Total Operating Expenses - 2010



- **NONOPERATING EXPENSES** in 2010 increased $6.3 million, or 22% from 2009. They increased $3.3 million, or 13% between 2009 and 2008 (see Table 6).

Table 6 - Nonoperating Expenses
(amounts expressed in thousands)

	Years Ended December 31,			2010 - 2009 Increase (Decrease)	2010 - 2009 % Change	2009 - 2008 Increase (Decrease)	2009 - 2008 % Change
	2010	2009	2008				
Interest expense	**$ 16,630**	$ 17,547	$ 17,699	$ (917)	(5)%	$ (152)	(1)%
Loss on disposition of capital assets	**15,533**	8,168	4,426	7,365	90	3,742	85
Other nonoperating expense	**3,112**	3,226	3,488	(114)	(4)	(262)	(8)
Total nonoperating expenses	**$ 35,275**	$ 28,941	$ 25,613	$ 6,334	22	$ 3,328	13

Highlighted items in yellow are discussed below.

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 decrease in 2010 was primarily due to increased interest expense capitalized.

Loss on disposition of capital assets during 2010 was the result of write-offs of obsolete Encoder Receiver Transmitter Devices (ERTs); obsolete IT network equipment and system software; main/hydrant retirements; and conditional water rights related to Eagle and Piney River. The loss 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.

- **CAPITAL CONTRIBUTIONS** in 2010 decreased $38.9 million, or 58% from 2009. They increased $26.8 million, or 67% between 2009 and 2008 (see Table 7).

Table 7 - Capital Contributions
(amounts expressed in thousands)

	Years Ended December 31,			2010 - 2009 Increase (Decrease)	2010 - 2009 % Change	2009 - 2008 Increase (Decrease)	2009 - 2008 % Change
	2010	2009	2008				
Contributions in aid of construction	**$ 10,861**	$ 41,443	$ 21,492	$ (30,582)	(74)%	$ 19,951	93%
System development charges	**16,942**	25,308	18,499	(8,366)	(33)	6,809	37
Total capital contributions	**$ 27,803**	$ 66,751	$ 39,991	$ (38,948)	(58)	$ 26,760	67

Highlighted items in yellow are discussed below.

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. Normally, differences from year to year are caused by the general level of construction activity in the Denver metropolitan area. The decrease in 2010 and increase in 2009 was primarily due to contributions received in 2009 from South Adams County Water and Sanitation

District ("SACWSD") for the Downstream Reservoir Project (See Note 8 to the basic financial statements).

System development charges ("SDCs") represent fees charged to customers to connect to the water system. Normally, differences from year to year are also caused by the general level of construction activity in the Denver metropolitan area. The decrease in 2010 and increase in 2009 was largely the result of the recognition of $5.7 million in 2010 compared to the recognition of $17.2 million in 2009 of the total $22.9 million prepaid system development charges paid by SACWSD during 1997 (see Note 8 to the basic financial statements).

CAPITAL ASSET ACTIVITY

The Board's capital assets at December 31, 2010 and 2009 amounted to $1.83 billion and $1.76 billion, net of accumulated depreciation and amortization, respectively. Capital asset additions in 2010 and 2009 were $125.8 million and $103.1 million, respectively, an increase of $22.7 million or 22%. Major projects were as follows (see Table 8):

Table 8 - Capital Additions
Year Ended December 31, 2010
(amounts expressed in thousands)

Conduits, Distribution Mains, Hydrants & Valves	$	35,638
Cheesman Reservoir		19,352
Williams Fork Power Plant		13,880
Marston Treatment Plant		7,112
Capitalized Software & IT Projects		5,793
South Platte Downstream Storage - Gravel Pits		5,084
Encoder Receiver Transmitter Devices (ERTs)		5,033
Foothills Treatment Plant		3,562
Motor Vehicles & Heavy Equipment		3,044
Roberts Tunnel Powerplant		3,014
Lonetree Pump Station		2,501
Water Rights		1,990
Treated Water Conduits		1,906
Ralston Reservoir		1,848
Moffat Collection System		1,810
Highlands Pump Station		1,316
Channel Improvements		1,251
Hillcrest Hydro		1,112
Highland Pump Station		1,077
Moffat Treatment Plant		1,051
Other		8,442
	$	125,816

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

LONG-TERM DEBT ACTIVITY

The Board issued $90.0 million in Series 2010B Water Revenue Bonds dated September 28, 2010 at a net true interest cost of 3.12%. The bonds constitute fully taxable Build America Bonds issued under the American Recovery and Reinvestment Act of 2009. The Board is eligible to receive a direct federal subsidy in an amount equal to 35% of the interest payable on the bonds on each interest payment date.

Information on Denver Water's long-term debt can be found in Notes 6, 7 and 10 to the basic financial statements and Exhibits II-A through II-G of the supplemental financial 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
December 31, 2010 and 2009
(Amounts expressed in thousands)

	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash	$ 18,133	$ 16,106
Temporary cash investments, at fair value, including accrued interest	109,636	149,928
Restricted investments:		
Capital projects	11,437	2,768
Debt service	12,996	7,317
Accounts receivable	19,295	17,626
Materials and supplies inventory, at weighted average cost	8,122	6,640
Prepaid expenses	451	509
Total current assets	180,070	200,894
NONCURRENT ASSETS:		
Capital assets:		
Utility plant	2,215,274	2,150,016
Nonutility plant	8,712	8,765
	2,223,986	2,158,781
Less accumulated depreciation and amortization	(587,329)	(557,421)
	1,636,657	1,601,360
Utility plant under capital lease, less accumulated amortization of $33,662 and $31,639, respectively	79,772	81,304
Construction in progress	110,483	77,340
Net capital assets	1,826,912	1,760,004
Other noncurrent assets:		
Long-term investments	49,058	19,046
Restricted temporary investments - capital projects	24,736	-
Deferred charges and other assets, less accumulated amortization of $308 and $292, respectively	11,381	11,691
Long-term receivable	14,435	20,063
Total other noncurrent assets	99,610	50,800
Total noncurrent assets	1,926,522	1,810,804
Total assets	2,106,592	2,011,698

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Statements of Net Assets
December 31, 2010 and 2009
(Amounts expressed in thousands)

	2010	2009
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 11,167	$ 10,518
Accrued payroll, vacation and other employee benefits	16,067	15,246
Construction contracts (including retainages of $3,360 and $1,241, respectively)	11,437	6,265
Accrued interest on long-term debt	3,027	2,286
Current portion of bonds payable:		
General obligation bonds	4,265	3,080
Revenue bonds	6,105	21,360
Current portion of obligations under capital lease:		
Certificates of participation	12,005	6,205
Other	1,624	1,519
Total current liabilities	65,697	66,479
NONCURRENT LIABILITIES:		
Bonds payable, net:		
General obligation bonds	23,660	27,935
Revenue bonds	373,378	290,141
Obligations under capital lease:		
Certificates of participation	9,625	21,630
Other	19,166	20,789
Customer advances for construction	16,069	18,437
Accrued sick leave	4,219	4,951
Other postemployment benefits	8,575	6,585
Waste disposal closure and postclosure care	3,394	3,391
Total noncurrent liabilities	458,086	393,859
Total liabilities	523,783	460,338
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in capital assets, net of related debt	1,401,820	1,363,848
Restricted for debt service	18,912	13,233
Unrestricted	162,077	174,279
Total net assets	$ 1,582,809	$ 1,551,360

See accompanying notes to basic financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Statements of Revenues, Expenses, and Changes in Fund Net Assets
Years ended December 31, 2010 and 2009
(Amounts expressed in thousands)

	2010	2009
OPERATING REVENUES:		
Water	$ 224,489	$ 184,396
Power generation and other	9,018	8,634
Total operating revenues	233,507	193,030
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	79,061	67,993
General and administrative	73,926	72,487
Customer service	13,713	12,561
Depreciation and amortization	38,322	36,582
Total operating expenses	205,022	189,623
OPERATING INCOME	28,485	3,407
NONOPERATING REVENUES (EXPENSES):		
Investment income	1,336	948
Interest expense, less capitalized interest of $2,359 and $13, respectively	(16,630)	(17,547)
Loss on disposition of capital assets	(15,533)	(8,168)
Other income	9,100	2,679
Other expense	(3,112)	(3,226)
Total nonoperating expenses, net	(24,839)	(25,314)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	3,646	(21,907)
CAPITAL CONTRIBUTIONS:		
Contributions in aid of construction	10,861	41,443
System development charges	16,942	25,308
Total capital contributions	27,803	66,751
INCREASE IN NET ASSETS	31,449	44,844
NET ASSETS:		
Beginning of year	1,551,360	1,506,516
End of year	$ 1,582,809	$ 1,551,360

See accompanying notes to basic financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Statements of Cash Flows
Years ended December 31, 2010 and 2009
(Amounts expressed in thousands)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 237,466	$ 206,550
Payments to employees	(93,506)	(92,025)
Payments to suppliers	(69,932)	(54,908)
Other receipts	9,100	2,595
Other payments	(3,175)	(3,161)
Net cash provided by operating activities	79,953	59,051
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction	84	10,411
Proceeds from system development charges	11,212	8,118
Proceeds from sales of capital assets	253	411
Proceeds from long-term revenue bonds, net	89,751	43,560
Acquisition of capital assets	(100,529)	(79,289)
Principal payments for long-term bonds	(24,440)	(24,020)
Principal payments for capital lease obligations	(7,724)	(7,393)
Interest paid (includes capitalized interest of $2,359 and $13, respectively)	(19,065)	(18,741)
Net cash used for capital and related financing activities	(50,458)	(66,943)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	190,259	244,375
Interest received from investments	1,530	3,637
Purchases of investments	(219,257)	(246,087)
Net cash (used for) provided by investing activities	(27,468)	1,925
NET INCREASE (DECREASE) IN CASH	2,027	(5,967)
CASH, AT BEGINNING OF YEAR	16,106	22,073
CASH, AT END OF YEAR	$ 18,133	$ 16,106

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Statements of Cash Flows
Years ended December 31, 2010 and 2009
(Amounts expressed in thousands)

	2010	2009
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 28,485	$ 3,407
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other nonoperating revenues	10,412	3,820
Other nonoperating expenses	(3,175)	(3,161)
Depreciation and amortization of property, plant and equipment	38,322	36,582
Change in assets and liabilities-		
Accounts receivable	3,959	13,520
Materials and supplies inventory	(1,133)	(257)
Prepaid expenses	58	(89)
Deferred charges	294	(3,171)
Accounts payable	649	3,742
Accrued payroll, vacation and other employee benefits	89	2,219
Unearned revenue	-	(84)
Other postemployment benefits	1,990	1,728
Waste disposal closure and postclosure care	3	795
Net cash provided by operating activities	$ 79,953	$ 59,051
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through contributions in aid of construction	$ 10,777	$ 31,032
Assets acquired through system development charges	5,730	17,190
Increase (decrease) in fair value of investments	518	(2,301)
Loss on disposition of capital assets	(15,533)	(8,168)

See accompanying notes to basic financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Notes to Basic Financial Statements
December 31, 2010 and 2009

(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 U.S. 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, as a business type activity, is accounted for in an enterprise fund, which is used to report any activity for which a fee is charged to external users for goods or services. The Board's basic 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 basic 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 basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. 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.

F. 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.

G. 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 based on quoted market prices (see Note 2, *Deposits and Investments*).

H. Materials and Supplies Inventory

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

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.

Land and water rights are also recorded at cost. Land is not depreciated and water rights are granted in perpetuity and not amortized.

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:

Depreciation Lives by Asset Class	
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, 2010 and 2009, inactive development costs included in deferred charges which, in the Board's opinion, will be used in connection with future construction activities, totaled $16,000, and $32,000, 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. Capital Contributions

Capital 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 Article X, Section 10.1.9 of 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 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%.

On November 17, 2010, the Board approved a water rate increase, effective March 3, 2011, designed to increase overall total system water rate revenue by 9.5%.

SDC

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%.

On December 8, 2010, the Board approved an SDC increase, effective March 3, 2011, designed to increase treated water tap fees by an average of 11.2% and raw and recycled water tap fees by an average of 9.8%.

N. Recently Issued Accounting Standards

The following GASB statements became effective in 2010:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which was early implemented in 2008.

- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* which had no impact since the Board has no derivative instruments.

- GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies,* which had no impact.

O. Reclassifications

Certain reclassifications have been made to prior year's information to conform to the current year presentation.

(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, except as noted below.

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. Treasury obligations, U.S. government agency and instrumentality obligations, including those that may not have unconditional guarantee of the U.S. Government
- Commercial paper
- Corporate fixed income securities
- Money market mutual funds
- Local government investment pools
- Certificates of deposit and other evidences of deposit
- Bankers' acceptances
- Repurchase agreements

The Board's investments (current and long-term) at December 31, 2010 and 2009, and their maturities were as follows:

Current and Long-Term Investments
December 31, 2010
(amounts expressed in thousands)

Investment Type	Weighted average maturity (days)	Percent of Portfolio	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5
U.S. Treasuries	321	50.4%	$ 104,774	$ 75,035	$ 29,739
U.S. agencies	510	10.8%	22,397	5,109	17,288
Commercial paper	58	14.4%	30,086	30,086	-
Corporate fixed income	546	1.5%	3,072	1,041	2,031
Total securities		77.1%	160,329	111,271	49,058
Money market funds (not considered securities)	1	22.9%	47,534	47,534	-
Total investments		100.0%	$ 207,863	$ 158,805	$ 49,058

Current and Long-Term Investments
December 31, 2009
(amounts expressed in thousands)

Investment Type	Weighted average maturity (days)	Percent of Portfolio	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5
U.S. Treasuries	254	84.7%	$ 151,639	$ 133,639	$ 18,000
U.S. agencies	121	14.7%	26,348	25,302	1,046
Corporate fixed income	228	0.3%	518	518	-
Total securities		99.7%	178,505	159,459	19,046
Money market funds (not considered securities)	-	0.3%	554	554	-
Total investments		100.0%	$ 179,059	$ $ 160,013	$ 19,046

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 fixed income securities 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, 2010, all commercial paper held in the portfolio was rated A1+ by S&P and P1 by Moody's. No commercial paper was held as of December 31, 2009. All corporate fixed income securities held as of December 31, 2010 and 2009 were rated AA+ or better by S&P or Aa2 or better by Moody's. Money market funds were rated AAAm.

The Board also invests in agency securities issued by U.S. Government Sponsored Enterprises such as Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Agricultural Mortgage Corporation (FAMC), Federal Home Loan Banks (FHLB), and Federal Farm Credit Banks (FFCB), and U.S. Government obligations. FNMA and FHLMC are issued by agencies that remain under conservatorship by the Director of the Federal Housing Agency. The US Government does not guarantee, directly or indirectly, the securities of the FHLB, FNMA or FHLMC.

As of December 31, 2010 the Board had 2.4% of the portfolio invested in FNMA, 0.5% in FHLMC, 5.4% in FHLB and 2.5% in FFCB. As of December 31, 2009 the Board had 8.7% of the portfolio invested in FNMA, 5.4% in FHLMC, and 0.6% in FHLB. All of these securities were rated AAA or Aaa by S&P and Moody's, respectively as of December 31, 2010 and 2009.

Custodial Credit Risk

In 2009 the Board funded its controlled disbursement account daily to cover checks clearing that day. On holidays that were bank business days the account was funded remotely. In 2010 the account was pre-funded rather than funding remotely. Funds were deposited in the account to cover outstanding checks that could potentially clear on January 3, 2011, a Board holiday but a bank business day. This account does not have Colorado Public Depository Act insurance and deposits are uncollateralized. Therefore, at December 31, 2010, $463,000 in this account was subject to custodial credit risk.

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 2010 and 2009:

Maximum Concentrations, Any One Issuer
October 13, 2010 through December 31, 2010

Type of Investment	Maximum Concentration
U.S. Treasury obligations	No limit
U.S. government agency and instrumentality obligations	15%
Commercial paper, corporate fixed income, and bankers' acceptance	5%
Money market mutual funds	5%
Local government investment pools	5%
Certificates of deposit	10%
Repurchase agreements*	25%

*In the current policy, repurchase agreements were broken out as a separate category. Previously, they were not.

Maximum Concentrations, Any One Issuer
January 1, 2009 through October 12, 2010

Type of Investment*	Maximum Concentration
Money market mutual funds	10%
Commercial paper	5%
Corporate fixed income obligations	Greater of 2% or $1 million
Federal agency obligations	15%
U.S. government obligations	No limit

*Includes securities held in repurchase agreements

The investment policy was reviewed and updated by the Board, effective October 13, 2010. As of December 31, 2010 and 2009, there were no investments exceeding the limits of the respective policies.

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.

Maximum Maturities
December 31, 2010 and 2009

Type of Investment	Maximum Maturity*
U.S. Treasury obligations	5 years
U.S. government agency and instrumentality obligations	4 years
Commercial paper	270 days
Corporate fixed income securities	3 years
Bankers' acceptances and other evidences of deposit	180 days
Certificates of deposit	180 days
Repurchase agreements	overnight

*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.

(3) ACCOUNTS RECEIVABLE

Current and long-term accounts receivable at December 31, 2010 and 2009 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. The Board has no allowance for doubtful accounts since nonpayment of receivables rarely occurs due to the necessity for water.

Accounts Receivable
(amounts expressed in thousands)

	December 31, 2010		December 31, 2009	
Total Accounts Receivable				
Current				
Water sales	$ 13,673	71%	$ 12,939	73%
Other	5,622	29	4,687	27
	$ 19,295	100	$ 17,626	100
Long-term	$ 14,435		$ 20,063	
From the City and County of Denver (included above)				
Current				
Water sales	$ 461		$ 90	
Other	3,248		1,526	
	3,709		1,616	
Long-term	5,392		4,740	
	$ 9,101		$ 6,356	
From the federal government - *Current* (included above)				
Build America Bonds federal interest subsidy	$ 272		$ -	

(4) CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2010 and 2009 were as follows:

Capital Assets
Year Ended December 31, 2010
(amounts expressed in thousands)

	December 31, 2009	Additions & Transfers	Sales & Retirements	December 31, 2010
Capital assets not being depreciated:				
Land and land rights	$ 112,348	1,125	-	$ 113,473
Water rights and other	66,975	3,814	(756)	70,033
Construction in progress	77,340	37,109	(3,966)	110,483
Total capital assets not being depreciated	256,663	42,048	(4,722)	293,989
Capital assets being depreciated:				
Buildings and improvements	217,774	6,968	(246)	224,496
Improvements other than buildings	1,648,231	66,129	(16,049)	1,698,311
Machinery and equipment	226,396	10,671	(5,960)	231,107
Total capital assets being depreciated	2,092,401	83,768	(22,255)	2,153,914
Less accumulated depreciation:				
Buildings and improvements	(55,819)	(3,367)	93	(59,093)
Improvements other than buildings	(454,312)	(25,937)	5,027	(475,222)
Machinery and equipment	(78,929)	(10,313)	2,566	(86,676)
Total accumulated depreciation	(589,060)	(39,617)	7,686	(620,991)
Total capital assets being depreciated, net	1,503,341	44,151	(14,569)	1,532,923
Total capital assets, net	$ 1,760,004	86,199	(19,291)	$ 1,826,912

Capital Assets
Year Ended December 31, 2009
(amounts expressed in thousands)

	December 31, 2008	Additions & Transfers	Sales & Retirements	December 31, 2009
Capital assets not being depreciated:				
Land and land rights	$ 97,262	15,086	-	$ 112,348
Water rights and other	65,582	1,393	-	66,975
Construction in progress	109,316	(29,944)	(2,032)	77,340
Total capital assets not being depreciated	272,160	(13,465)	(2,032)	256,663
Capital assets being depreciated:				
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	1,998,999	116,611	(23,209)	2,092,401
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	(566,158)	(37,706)	14,804	(589,060)
Total capital assets being depreciated, net	1,432,841	78,905	(8,405)	1,503,341
Total capital assets, net	$ 1,705,001	65,440	(10,437)	$ 1,760,004

Depreciation and amortization for the years ended December 31, 2010 and 2009 were as follows:

Depreciation and Amortization
(amounts expressed in thousands)

	Years Ended December 31, 2010	2009
Operating expenses, water service	$ 38,322	$ 36,582
Nonoperating expenses	128	129
Other, as allocated	1,183	1,011
Total depreciation and amortization	39,633	37,722
Less amortization of plant-related studies included in deferred charges	(16)	(16)
Total increase in accumulated depreciation of property, plant and equipment	$ 39,617	$ 37,706

Major retirements during 2010 were the result of write-offs of obsolete Encoder Receiver Transmitter Devices (ERTs); obsolete IT network equipment and system software; main/hydrant retirements; and conditional water rights related to Eagle and Piney River. Major retirements during 2009 were the result of write-offs 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.

(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, 2010 and 2009, claims liabilities consisting of medical, dental and vision benefits; and legal claims were $1,294,000 and $6,567,000, respectively. Changes in the balances of these liabilities during 2010, 2009, and 2008 were as follows:

Claims Liabilities
(amounts expressed in thousands)

	Beginning-of-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Year-End
2010	$ 6,567	$ 9,313	$ (14,586)	$ 1,294
2009	$ 2,659	$ 17,380	$ (13,472)	$ 6,567
2008	$ 1,452	$ 11,635	$ (10,428)	$ 2,659

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, 2010, range from 3.5% to 5.6%. The weighted average yield to maturity at issue for outstanding bonds was 4.97% and 4.93% for the years ended December 31, 2010 and 2009, respectively.

A summary of debt maturity for the general obligation bonds as of December 31, 2010 is as follows:

General Obligation Bonds
December 31, 2010
(amounts expressed in thousands)

	Principal	Interest	Total
Year of Maturity:			
Current:	$ 4,265	$ 1,391	$ 5,656
Long-term:			
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
2016-2020	3,440	3,919	7,359
2021-2025	1,660	3,348	5,008
2026-2029	11,550	2,585	14,135
	23,825	14,112	37,937
Less net discount	(165)	-	(165)
Total long-term	23,660	14,112	37,772
	$ 27,925	$ 15,503	$ 43,428

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, 2010, range from 0.75% to 6.15%. The weighted average yield to maturity at issue for outstanding bonds was 3.79% and 3.93% for the years ended December 31, 2010 and 2009, respectively. The weighted average yield is calculated net of Build America Bond subsidy of 35% for the Series 2009A and Series 2010B revenue bonds. In accordance with the Official Statements, the Board has established a reserve fund for the revenue bonds totaling $13 million and $7 million as of December 31, 2010 and 2009, respectively.

A summary of debt maturity for the revenue bonds as of December 31, 2010 is as follows:

Revenue Bonds
December 31, 2010
(amounts expressed in thousands)

	Principal	Interest*	Total
Year of Maturity:			
Current:	$ 6,105	$ 18,459	$ 24,564
Long-term:			
2012	14,560	17,388	31,948
2013	15,415	16,736	32,151
2014	16,500	16,066	32,566
2015	17,260	15,284	32,544
2016-2020	73,760	65,376	139,136
2021-2025	77,765	47,745	125,510
2026-2030	47,990	33,253	81,243
2031-2035	59,395	21,246	80,641
2036-2040	48,915	6,551	55,466
	371,560	239,645	611,205
Plus premium	2,072	-	2,072
Less deferred amount on refunding	(254)	-	(254)
Total long-term	373,378	239,645	613,023
	$ 379,483	$ 258,104	$ 637,587

*Excludes Build America Bonds interest subsidy. Amounts received during 2010 and 2009 were $906,000 and $463,000, respectively. The Board is eligible to receive $49 million over the remaining life of the bonds.

On September 28, 2010 the Board issued Series 2010B Master Resolution water revenue taxable bonds under the American Recovery and Reinvestment Act of 2009 (Build America Bonds) in an aggregate principal amount of $90,000,000 at a true interest cost at sale of 3.12%. The Board is eligible to receive 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 Fourth Supplement to the Master Bond Resolution dated September 8, 2010 for the extension, betterment, other improvement, and equipment of the Water Works System

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 is eligible to receive 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.

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, 2010 and 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 basic 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, 2010, the unamortized deferred amount on refunding deducted from revenue bonds payable is $254,000.

(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, 2010, only the 2001 and 1998 COPs remain outstanding. The balances of the principal component of future base rental payments are $20,880,000 (out of $40,580,000) and $750,000 (out of $34,885,000), respectively. The assets under the COP capital leases by major asset class, recorded in *Utility Plant under Capital Lease* in the *Statements of Net Assets*, are as follows:

Assets Under Capital Lease - Certificates of Participation
(amounts expressed in thousands)

	December 31, 2010	December 31, 2009
Buildings and improvements	$ 31,114	$ 31,114
Improvements other than buildings	39,339	38,848
	70,453	69,962
Less: accumulated amortization	(25,199)	(23,735)
	$ 45,254	$ 46,227

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, 2010 and 2009, 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 $7,582,000 and $7,599,000 during 2010 and 2009, 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, 2010:

Obligation Under Capital Lease - Certificates of Participation
December 31, 2010
(amounts expressed in thousands)

Year Ending December 31:	
2011	$ 13,113
2012	2,211
2013	2,210
2014	2,212
2015	2,211
2016	2,210
Total minimum lease payments	24,167
Less interest ranging from 4.375% tp 5.5%	(2,537)
Present value of minimum lease payments (obligation under capital lease)	21,630
Less current portion	(12,005)
Total long-term	$ 9,625

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:

Assets Under Capital Lease - Wolford Mountain
(amounts expressed in thousands)

	December 31, 2010	December 31, 2009
Improvements other than buildings	$ 42,981	$ 42,981
Less: accumulated amortization	(8,463)	(7,904)
	$ 34,518	$ 35,077

Minimum capital lease payments were $3,000,000 during both 2010 and 2009. 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, 2010:

Obligation Under Capital Lease - Wolford Mountain
As of December 31, 2010
(amounts expressed in thousands)

Year Ending December 31:	
2011	3,000
2012	3,000
2013	3,000
2014	3,000
2015	3,000
2016-2020	13,500
Total minimum lease payments	28,500
Less interest at 6.75%	(7,710)
Present value of minimum lease payments (obligation under capital lease)	20,790
Less current portion	(1,624)
Total long-term	$ 19,166

Operating Leases

The Board is committed under various operating leases for property and equipment. Lease expenses for the years ended December 31, 2010 and 2009 were $1,512,000 and $1,767,000, 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.

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 storage facilities 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 paid the remaining 25% in 2010 and is entitled to the remaining 1,000 acre-feet of permanent water. Consequently, of the initial SDC payment of $22,920,000, the Board recognized 75% or $17,190,000, as being earned in 2009, and 25% or $5,730,000 as being

earned in 2010, and transferred those amounts from Customer Advances for Construction to SDCs in each of those years.

In addition to SACWSD's prepaid SDCs, conveyance of $0 and $2.2 million were transferred during 2010 and 2009, respectively, 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, 2010. Transfers are made as work is performed.

(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 residuals drying beds near the Ralston Reservoir for dewatering of aluminum sulfate solids/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 residuals, 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 residual drying beds since they are not "filled" like a landfill, but are reusable.

Approximately $3.4 million was reported as *Waste Disposal Closure and Postclosure Care* liability in the *Statements of Net Assets*, at December 31, 2010 and 2009 for the two sites as follows:

Waste Disposal Closure and Postclosure Care Liability
(amounts expressed in thousands)

	Foothills	Ralston	Total
2010			
Closure Costs	$ 108	$ 1,572	$ 1,680
Postclosure Care Costs	378	1,336	1,714
	$ 486	$ 2,908	$ 3,394
2009			
Closure Costs	$ 108	$ 1,570	$ 1,678
Postclosure Care Costs	378	1,335	1,713
	$ 486	$ 2,905	$ 3,391

These costs are based on the use of 22.5% of the active portion of the Foothills landfill at December 31, 2010 and 2009, and 100% of the Ralston drying beds for both years. The Board will recognize the remaining estimated cost of the Foothills postclosure care of $1,301,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. 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, 2010 and 2009 were as follows:

Long-Term Liabilities
Year Ended December 31, 2010
(amounts expressed in thousands)

	December 31, 2009 (Current and Long-Term)	2010 Additions	2010 Reductions	December 31, 2010 (Current and Long-Term)	Due Within One Year	
G. O. bonds payable, net	$ 31,015	$ -	$ (3,090)	$ 27,925	$ 4,265	
Revenue bonds payable, net	311,501	90,000	(22,018)	379,483	6,105	
Obligation under capital lease - Certificates of participation	27,835	-	(6,205)	21,630	12,005	
Obligation under capital lease - Other	22,308	-	(1,518)	20,790	1,624	
Customer advances for construction	18,437	2,132	(4,500)	16,069		
Accrued sick leave	8,229	349	(732)	7,846	3,627	*
Other postemployment benefits	6,585	1,990	-	8,575	-	
Waste disposal closure	3,391	3	-	3,394	-	
	429,301	$ 94,474	$ (38,063)	485,712	$ 27,626	
Less current portion	(35,442)			(27,626)		
Total long-term liabilities	$ 393,859			$ 458,086		

*Included in *Accrued Payroll, Vacation and Other Employee Benefits* in the *Statements of Net Assets*.

Long-Term Liabilities
Year Ended December 31, 2009
(amounts expressed in thousands)

	December 31, 2008 (Current and Long-Term)	2009 Additions	2009 Reductions	December 31, 2009 (Current and Long-Term)	Due Within One Year	
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		
	442,385	$ 71,569	$ (84,653)	429,301	$ 35,442	
Less current portion	(34,166)			(35,442)		
Total long-term liabilities	$ 408,219			$ 393,859		

*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 trusteed, 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 allowed 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 Asset

The Board's annual pension 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 27. 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 pension cost for the year, the amount actually contributed to the Plan, and changes in the Board's net pension asset:

Annual Pension Cost and Net Pension Asset
Years Ended December 31, 2010 and 2009
(amounts expressed in thousands)

	2010	2009
Annual required contribution (ARC)	$ 12,639	$ 11,872
Interest on net pension asset	(197)	-
Adjustment to ARC	207	-
Annual pension cost	12,649	11,872
Contributions made	(12,639)	(14,500)
Decrease (increase) in net pension asset	10	(2,628)
Net pension asset - beginning of year	(2,628)	-
Net pension asset - end of year	$ (2,618)	$ (2,628)

The pension asset is recorded in *Deferred Charges and Other Assets* in the *Statements of Net Assets*.

The Board's annual pension cost, the percentage of annual pension cost contributed to the Plan, and the net pension asset for 2010 and the two preceding years were as follows:

Annual Pension Cost and Percentage of Required Contribution
(amounts expressed in thousands)

Year Ended December 31,	Annual Pension Cost (APC)	Contributions Made	Percentage of APC Contributed	Net Pension Asset
2010	$ 12,649	$ 12,639	99.9%	$ 2,618
2009	11,872	14,500	122.1	2,628
2008	7,233	7,590	104.9	-

Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was 75.7% funded. The actuarial accrued liability for benefits was $301.3 million, and the actuarial value of assets was $228.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of $73.2 million. The covered payroll (annual payroll of active employees covered by the pension plan) was $70.4 million, and the ratio of the UAAL to the covered payroll was 104.0%.

A Schedule of Funding Progress, presented 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.

Pension Plan Schedule of Funding Progress
(amounts expressed in thousands)
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/10	$ 228,083	$ 301,257	$ 73,174	75.7%	$ 70,372	104.0%
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

Actuarial Methods and Assumptions

The required contribution was determined as part of the January 1, 2010 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 2010 and 2009, the Board made contributions totaling approximately $1,671,000 and $1,648,000, and members contributed approximately $3,562,000 and $3,294,000, respectively, to the SRSP. Employee rollovers from other plans to the SRSP were $89,000 in 2010 and $62,000 in 2009.

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, 147 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 10 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. 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, 2010, the Board contributed $1,638,000 to the postemployment healthcare benefits plan (approximately 73% of estimated premium equivalent costs). Retirees receiving benefits contributed $612,000, or approximately 27% of the estimated premium equivalent costs. The Board paid $588,000 in LTD benefits in 2010. 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 in 2009.

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:

Annual OPEB Cost and Net OPEB Obligation
Year Ended December 31, 2010
(amounts expressed in thousands)

	Healthcare	LTD	Total
Annual required contribution (ARC)	$ 3,719	$ 52	$ 3,771
Interest on net OPEB obligation (asset)	362	(22)	340
Adjustment to ARC	(453)	27	(426)
Annual OPEB cost	3,628	57	3,685
Contributions made	(1,638)	(588)	(2,226)
Increase in net OPEB obligation (asset)	1,990	(531)	1,459
Net OPEB obligation (asset) - beginning of year	6,585	(396)	6,189
Net OPEB obligation (asset) - end of year	$ 8,575	$ (927)	$ 7,648

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 2010 and the two preceding years were as follows:

Annual OPEB Cost and Percentage of Required Contribution
(amounts expressed in thousands)

Year Ended December 31,	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	$ 3,685	$ 2,226	60.4%	$ 7,648
2009	3,470	1,856	53.5	6,189
2008	2,795	1,811	64.8	4,575

Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $33.4 million, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $33.4 million. The covered payroll (annual payroll of active employees covered by the OPEB plan) was $70.4 million, and the ratio of the UAAL to the covered payroll was 47.5%.

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:

OPEB Plan Schedule of Funding Progress
(amounts expressed in thousands)
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/10	$ -	$ 33,436	$ 33,436	-	$ 70,372	47.5%
1/1/09	-	29,189	29,189	-	65,721	44.4%
1/1/08	-	45,951	45,951	-	60,347	76.1%

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, 2010 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 6 percent. 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):

Capital Contributions
Years Ended December 31, 2010 and 2009
(amounts expressed in thousands)

	CIAC	SDC
Inception through December 31, 2008	$ 357,301	$ 562,366
2009 Additions	41,443	25,308
Inception through December 31, 2009	398,744	587,674
2010 Additions	10,861	16,942
Inception through December 31, 2010	$ 409,605	$ 604,616

(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 statements.

(16) CONTRACT COMMITMENTS

Contractual commitments as of December 31, 2010 for construction and other purposes totaled $172.8 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. In 2010, construction of conduit 302 commenced in preparation to provide service to the Rocky Mountain Arsenal, and recycled water service was further expanded to parks and school grounds in the Stapleton 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, 2010 was $69.2 million, including indirect costs.

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

In the net assets sections of the S*tatements of Net Assets, Invested in Capital Assets, Net of Related Debt* comprises the following as of December 31, 2010 and 2009:

Invested in Capital Assets, Net of Related Debt
(amounts expressed in thousands)

	December 31, 2010	December 31, 2009
Net capital assets	$ 1,826,912	$ 1,760,004
Unspent revenue bond proceeds	36,173	2,768
Construction contracts	(11,437)	(6,265)
Bonds payable, net	(407,408)	(342,516)
Obligations under capital lease	(42,420)	(50,143)
	$ 1,401,820	$ 1,363,848

(18) SUBSEQUENT EVENTS

The Board has evaluated subsequent events through March 31, 2011, which is the date the basic financial statements were available to be issued.

SUPPLEMENTAL FINANCIAL INFORMATION

EXHIBIT I

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Capital Assets
Year ended December 31, 2010
(Amounts expressed in thousands)
(Unaudited)

	Depreciation Life (Years)	Cost				Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31, 2010
		Balance, December 31, 2009	Additions and Transfers	Sales and Retirements	Balance, December 31, 2010	Balance, December 31, 2009	Provision	Sales, Retirements and Transfers	Balance, December 31, 2010	
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	$ 577,785	$ 24,860	$ (1,005)	$ 601,640	$ 145,096	$ 6,609	$ (162)	$ 151,543	$ 450,097
Pumping plant	20 - 80	104,867	(1,406)	(202)	103,259	20,825	2,076	(32)	22,869	80,390
Water treatment plant	20 - 80	369,704	12,751	(2,289)	380,166	81,114	7,000	(940)	87,174	292,992
Transmission and distribution plant	30 - 80	862,572	36,328	(2,282)	896,618	216,220	11,645	(880)	226,985	669,633
General plant and equipment	5 - 50	131,128	9,528	(5,625)	135,031	58,335	6,618	(2,528)	62,425	72,606
Leasehold and other improvements	5 - 30	89,703	5,793	(11,185)	84,311	32,392	3,373	(2,973)	32,792	51,519
Land held for future use		14,257	(8)	-	14,249	-	-	-	-	14,249
Total utility plant in service		2,150,016	87,846	(22,588)	2,215,274	553,982	37,321	(7,515)	583,788	1,631,486
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	8,738	-	(53)	8,685	3,419	127	(26)	3,520	5,165
General equipment	5 - 20	27	-	-	27	20	1	-	21	6
Idle Plant	10 - 50	-	-	-	-	-	-	-	-	-
Total nonutility plant in service		8,765	-	(53)	8,712	3,439	128	(26)	3,541	5,171
UTILITY PLANT UNDER CAPITAL LEASE:										
Certificates of Participation	80	69,962	861	(370)	70,453	23,735	1,609	(145)	25,199	45,254
Wolford Mountain	80	42,981	-	-	42,981	7,904	559	-	8,463	34,518
Total utility plant under capital lease		112,943	861	(370)	113,434	31,639	2,168	(145)	33,662	79,772
CONSTRUCTION IN PROGRESS		77,340	37,109	(3,966)	110,483	-	-	-	-	110,483
Total property, plant and equipment		$ 2,349,064	$ 125,816	$ (26,977)	$ 2,447,903	$ 589,060	$ 39,617	$ (7,686)	$ 620,991	$ 1,826,912

See accompanying independent auditors' report.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
General Obligation and Revenue Water Improvement and Refunding Bonds Outstanding
December 31, 2010
(Amounts expressed in thousands)
(Unaudited)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2010	Amount			Bonds Which Are Callable	
		Issued	Retired	Outstanding	Callable Amount	Initial Date Callable
General Obligation Bonds						
Sep 15, 1999	5.50-5.60%	$ 14,530	$ (1,820)	$ 12,710	$ 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	4.20-4.70%	11,215	(6,110)	5,105	4,310	Sep 1, 2011
Oct 1, 2002	3.50-4.50%	11,610	(4,580)	7,030	5,970	Oct 1, 2012
		50,055	(21,965)	28,090	22,785	
Less net discount				(165)		
Total General Obligation Bonds				27,925		
Revenue Bonds						
May 15, 2003A	3.00-5.00%	50,000	(700)	49,300	48,100	Jun 1, 2013
Sep 15, 2003B	3.75-5.00%	77,155	(34,495)	42,660	37,110	Jun 1, 2013
Nov 23, 2004	4.125-5.50%	43,655	(18,105)	25,550	-	Dec 1, 2014
Jul 12, 2005	3.50-5.25%	30,000	(5,285)	24,715	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	(360)	1,440	-	Not callable
June 2, 2009	4.65-6.15%	44,000	-	44,000	40,255	Dec 15, 2019
Sep 28, 2010	2.625-5.17%	90,000	-	90,000	78,990	Dec 15, 2020
		$436,610	$ (58,945)	377,665	$309,125	
Plus premium				2,072		
Less deferred amount on refunding				(254)		
Total Revenue Bonds				$ 379,483		

See accompanying independent auditors' report.

EXHIBIT II-B

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Summary of General Obligation Bond Debt Service Requirements Outstanding
December 31, 2010
Years 2011 to 2029, inclusive
(Amounts expressed in thousands)
(Unaudited)

Year	G.O. Bond Retirements (Exhibit II-C)	G.O. Bond Interest (Exhibit II-D)	Total Debt Service
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
	28,090	15,503	43,593
Less net discount	(165)	-	(165)
	$ 27,925	$ 15,503	$ 43,428

See accompanying independent auditors' report.

EXHIBIT II-C

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Schedule of Bond Retirements for General Obligation Bonds Outstanding
December 31, 2010
Years 2011 to 2029, inclusive
(Amounts expressed in thousands)
(Unaudited)

Year	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2002 Refunding	Total
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
	$ 12,710	$ 3,245	$ 5,105	$ 7,030	$ 28,090

See accompanying independent auditors' report.

EXHIBIT II-D

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Schedule of Bond Interest for General Obligation Bonds Outstanding
December 31, 2010
Years 2011 to 2029, inclusive
(Amounts expressed in thousands)
(Unaudited)

Year	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2002 Refunding	Total
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
	$ 12,408	$ 294	$ 838	$ 1,963	$ 15,503

See accompanying independent auditors' report.

EXHIBIT II-E

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Summary of Revenue Bond Debt Service Requirements Outstanding
December 31, 2010
Years 2011 to 2040, inclusive
(Amounts expressed in thousands)
(Unaudited)

Year	Rev. Bond Retirements (Exhibit II-F)	Rev. Bond Interest* (Exhibit II-G)	Total Debt Service	Build America Bonds Interest Subsidy
2011	$ 6,105	$ 18,459	$ 24,564	$ 2,888
2012	14,560	17,388	31,948	2,344
2013	15,415	16,736	32,151	2,344
2014	16,500	16,066	32,566	2,344
2015	17,260	15,284	32,544	2,344
2016	18,695	14,464	33,159	2,344
2017	12,405	13,562	25,967	2,344
2018	13,040	13,022	26,062	2,300
2019	13,615	12,466	26,081	2,252
2020	16,005	11,862	27,867	2,196
2021	17,560	11,162	28,722	2,137
2022	18,315	10,367	28,682	2,074
2023	19,835	9,514	29,349	2,007
2024	11,310	8,615	19,925	1,935
2025	10,745	8,087	18,832	1,858
2026	8,825	7,573	16,398	1,776
2027	9,190	7,136	16,326	1,690
2028	9,575	6,674	16,249	1,599
2029	9,985	6,190	16,175	1,503
2030	10,415	5,680	16,095	1,403
2031	10,875	5,240	16,115	1,297
2032	11,355	4,773	16,128	1,186
2033	11,855	4,286	16,141	1,069
2034	12,380	3,778	16,158	948
2035	12,930	3,169	16,099	822
2036	13,500	2,530	16,030	689
2037	14,100	1,859	15,959	550
2038	7,835	1,160	8,995	406
2039	8,140	726	8,866	254
2040	5,340	276	5,616	97
	377,665	258,104	635,769	
Plus premium	2,072	-	2,072	
Less deferred amount on refunding	(254)	-	(254)	
	$ 379,483	$ 258,104	$ 637,587	$ 49,000

*Excludes Build America Bonds interest subsidy.

See accompanying independent auditors' report.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Schedule of Bond Retirements for Revenue Bonds Outstanding
December 31, 2010
Years 2011 to 2040, inclusive
(Amounts expressed in thousands)
(Unaudited)

Year	Series 2003A Improvement	Series 2003B Improv/Ref	Series 2004 Improv/Ref	Series 2005 Improvement	Series 2007A Improvement	Series 2008A Improvement	Series 2009A Improvement	Series 2010B Improvement	Total
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	2,670	12,405
2018	3,885	-	770	1,610	2,690	120	1,245	2,720	13,040
2019	4,110	-	805	1,690	2,825	120	1,285	2,780	13,615
2020	6,160	-	840	1,775	2,945	120	1,325	2,840	16,005
2021	7,355	-	875	1,860	3,070	120	1,370	2,910	17,560
2022	7,720	-	915	1,955	3,205	120	1,420	2,980	18,315
2023	8,955	-	950	2,055	3,345	-	1,475	3,055	19,835
2024	-	-	990	2,155	3,495	-	1,530	3,140	11,310
2025	-	-	-	2,265	3,655	-	1,595	3,230	10,745
2026	-	-	-	-	3,835	-	1,660	3,330	8,825
2027	-	-	-	-	4,030	-	1,730	3,430	9,190
2028	-	-	-	-	4,230	-	1,805	3,540	9,575
2029	-	-	-	-	4,440	-	1,885	3,660	9,985
2030	-	-	-	-	4,665	-	1,970	3,780	10,415
2031	-	-	-	-	4,900	-	2,065	3,910	10,875
2032	-	-	-	-	5,145	-	2,160	4,050	11,355
2033	-	-	-	-	5,400	-	2,265	4,190	11,855
2034	-	-	-	-	5,670	-	2,370	4,340	12,380
2035	-	-	-	-	5,955	-	2,480	4,495	12,930
2036	-	-	-	-	6,250	-	2,600	4,650	13,500
2037	-	-	-	-	6,565	-	2,720	4,815	14,100
2038	-	-	-	-	-	-	2,850	4,985	7,835
2039	-	-	-	-	-	-	2,980	5,160	8,140
2040	-	-	-	-	-	-		5,340	5,340
	$ 49,300	$ 42,660	$ 25,550	$ 24,715	$ 100,000	$ 1,440	$ 44,000	$ 90,000	$ 377,665

See accompanying independent auditors' report.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Schedule of Bond Interest for Revenue Bonds* Outstanding
December 31, 2010
Years 2011 to 2040, inclusive
(Amounts expressed in thousands)
(Unaudited)

Year	Series 2003A Improvement	Series 2003B Improv/Ref	Series 2004 Improv/Ref	Series 2005 Improvement	Series 2007A Improvement	Series 2008A Improvement	Series 2009A Improvement	Series 2010B Improvement	Total
2011	$ 2,244	$ 1,996	$ 1,248	$ 1,062	$ 4,423	$ 11	$ 2,589	$ 4,886	$ 18,459
2012	2,238	1,981	1,016	1,021	4,423	10	2,589	4,110	17,388
2013	2,188	1,775	764	979	4,321	10	2,589	4,110	16,736
2014	2,131	1,454	626	933	4,216	8	2,588	4,110	16,066
2015	2,077	1,034	481	883	4,105	7	2,588	4,109	15,284
2016	2,023	593	328	828	3,989	6	2,588	4,109	14,464
2017	1,939	-	299	755	3,867	5	2,588	4,109	13,562
2018	1,769	-	265	674	3,739	4	2,532	4,039	13,022
2019	1,585	-	231	610	3,604	4	2,471	3,961	12,466
2020	1,389	-	195	538	3,463	3	2,407	3,867	11,862
2021	1,097	-	157	463	3,338	2	2,337	3,768	11,162
2022	747	-	121	388	3,184	1	2,262	3,664	10,367
2023	381	-	83	291	3,024	-	2,182	3,553	9,514
2024	-	-	42	188	2,857	-	2,097	3,431	8,615
2025	-	-	-	96	2,682	-	2,009	3,300	8,087
2026	-	-	-	-	2,499	-	1,913	3,161	7,573
2027	-	-	-	-	2,308	-	1,813	3,015	7,136
2028	-	-	-	-	2,106	-	1,709	2,859	6,674
2029	-	-	-	-	1,895	-	1,601	2,694	6,190
2030	-	-	-	-	1,672	-	1,488	2,520	5,680
2031	-	-	-	-	1,533	-	1,370	2,337	5,240
2032	-	-	-	-	1,386	-	1,246	2,141	4,773
2033	-	-	-	-	1,231	-	1,116	1,939	4,286
2034	-	-	-	-	1,069	-	980	1,729	3,778
2035	-	-	-	-	821	-	838	1,510	3,169
2036	-	-	-	-	561	-	686	1,283	2,530
2037	-	-	-	-	287	-	526	1,046	1,859
2038	-	-	-	-	-	-	359	801	1,160
2039	-	-	-	-	-	-	183	543	726
2040	-	-	-	-	-	-	-	276	276
	$ 21,808	$ 8,833	$ 5,856	$ 9,709	$ 72,603	$ 71	$ 52,244	$ 86,980	$ 258,104

*Excludes Build America Bonds interest subsidy. See Exhibit II-E.

See accompanying independent auditors' report.

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.

(Continued next page)

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: 2001 - 2010

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Population served[1]	**1,174,000**	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
Total treated water consumption (million gallons)[2]	**69,695.40**	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
Average daily consumption (million gallons)	**190.95**	170.16	196.66	193.10	204.73	187.60	165.52	179.18	206.09	222.07
Average daily consumption per capita (gallons)	**163**	145	170	169	182	168	150	166	192	211
Maximum daily consumption (million gallons)	**365.81**	341.80	426.16	425.70	425.68	424.80	340.92	370.05	419.20	488.71
Maximum hour treated water use rate (million gallons per day)	**577.75**	516.90	670.00	660.00	671.04	725.27	567.52	775.23	788.09	716.86
Treated water pumped (million gallons)	**41,611.30**	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
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	561,883
Replacement reservoir storage capacity (acre-feet)	**122,432**	122,432	122,432	122,432	122,432	122,432	122,432	122,432	122,432	122,432
Supply from South Platte River (acre-feet)[4]	**151,891**	138,791	122,255	168,554	113,868	154,750	119,978	144,982	58,856	129,926
Supply from Blue River/Roberts Tunnel system (acre-feet)	**74,674**	58,468	80,056	65,682	127,074	94,470	75,984	164,294	56,848	102,282
Supply from Moffat system (acre-feet)	**76,318**	79,636	88,842	85,444	83,022	63,872	59,344	84,072	33,116	71,296
Treated water pumping capacity (mgd)	**1,095.9**	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
Raw water pumping capacity (mgd)	**112.2**	112.2	112.2	112.2	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	715.0	645.0	645.0
Treated water reservoir capacity (million gallons)	**371.65**	371.65	368.65	368.65	368.65	368.65	376.65	376.65	406.45	378.45
Raw water supply mains in miles (mountain collection system)	**76.9**	77.5	77.5	77.6	77.5	77.5	77.6	77.6	77.6	77.6
Raw water supply mains in miles (metropolitan Denver area)	**47.1**	46.0	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	**3,037**	2,954	2,681	2,657	2,645	2,631	2,608	2,574	2,552	2,508
Recycled water transmission & distribution mains (miles)	**44.2**	35.3	36.5	36.5	32.6	31.3	31.3	23.5	17.6	17.3
Total active taps - end of year	**309,563**	310,068	309,373	308,079	306,901	304,483	301,565	299,157	295,841	286,051
Fire hydrants operated & maintained	**19,439**	19,159	19,185	15,767	15,679	15,459	14,956	14,648	14,380	14,173
Fire hydrants tested and repaired	**21,103**	18,472	25,577	27,940	30,739	32,474	32,045	32,407	26,047	29,604
Breaks in mains - Denver	**261**	220	274	247	198	242	219	231	287	261
Service leaks	**287**	329	318	879	1,043	1,452	1,204	1,117	1,034	794
Total employees (actual, not authorized)	**1,089.1**	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
Additions to capital assets (thousands)	**$ 125,816**	$ 103,146	$ 101,328	$ 103,779	$ 102,458	$ 81,877	$ 71,669	$ 164,363	$ 128,479	$ 104,721
Total long-term debt[5] (thousands)	**$ 449,828**	$ 392,659	$ 381,285	$ 410,928	$ 346,114	$ 375,917	$ 372,876	$ 379,478	$ 300,695	$ 308,879

[1]Population estimated based on treated water customers only.

[2]Denver 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 Inside and Outside City.

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

[4]Supply includes effluent exchanges.

[5]Long-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: 2001 - 2010
(amounts expressed in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
NET ASSETS:										
Invested in capital assets, net of related debt	**$ 1,401,820**	$ 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
Restricted for debt service reserve funds	**18,912**	13,233	9,005	7,661	7,021	7,723	7,002	9,325	6,904	6,917
Unrestricted	**162,077**	174,279	178,243	199,493	125,988	134,323	122,579	122,727	119,522	153,581
Total net assets	**$ 1,582,809**	$ 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

[1]Accounting 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.

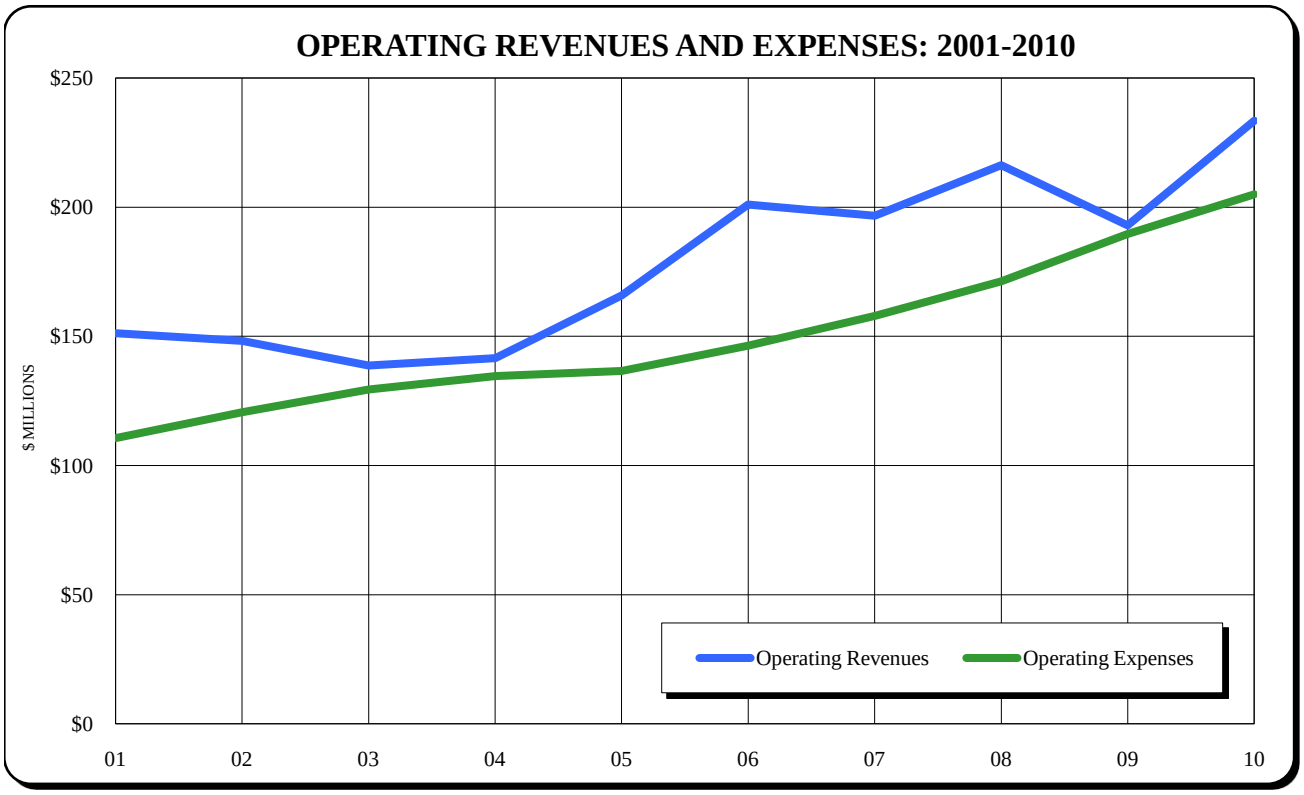
[2]The above data was extracted from the audited financial statements of the Board of Water Commissioners.

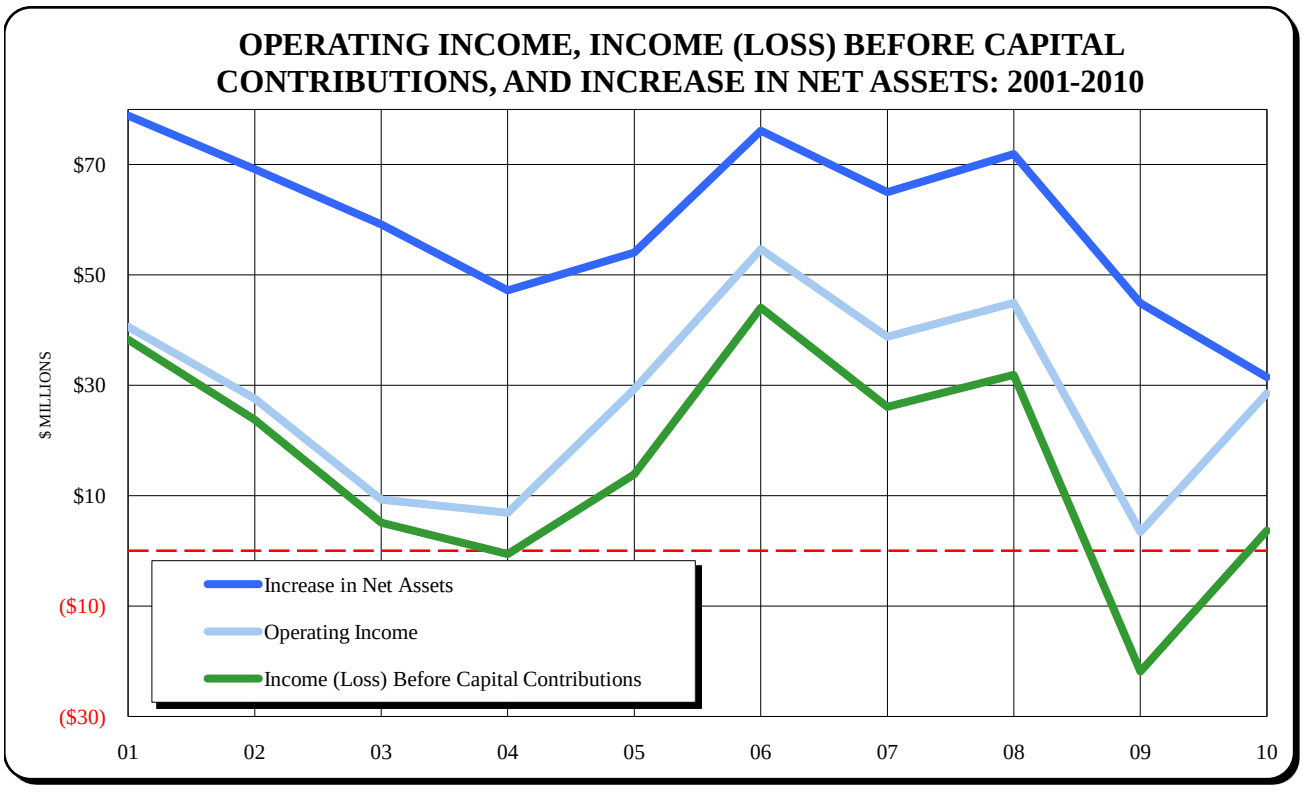
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS': 2001 - 2010

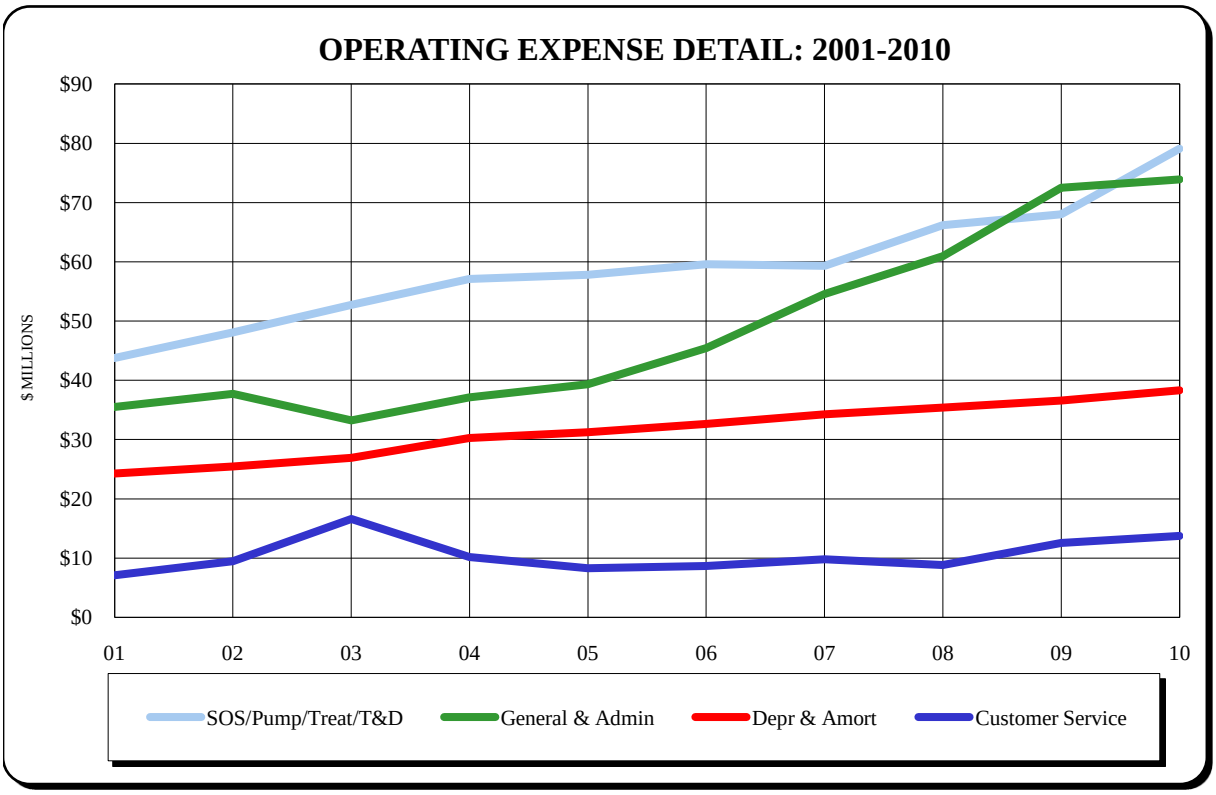
(amounts expressed in thousands)

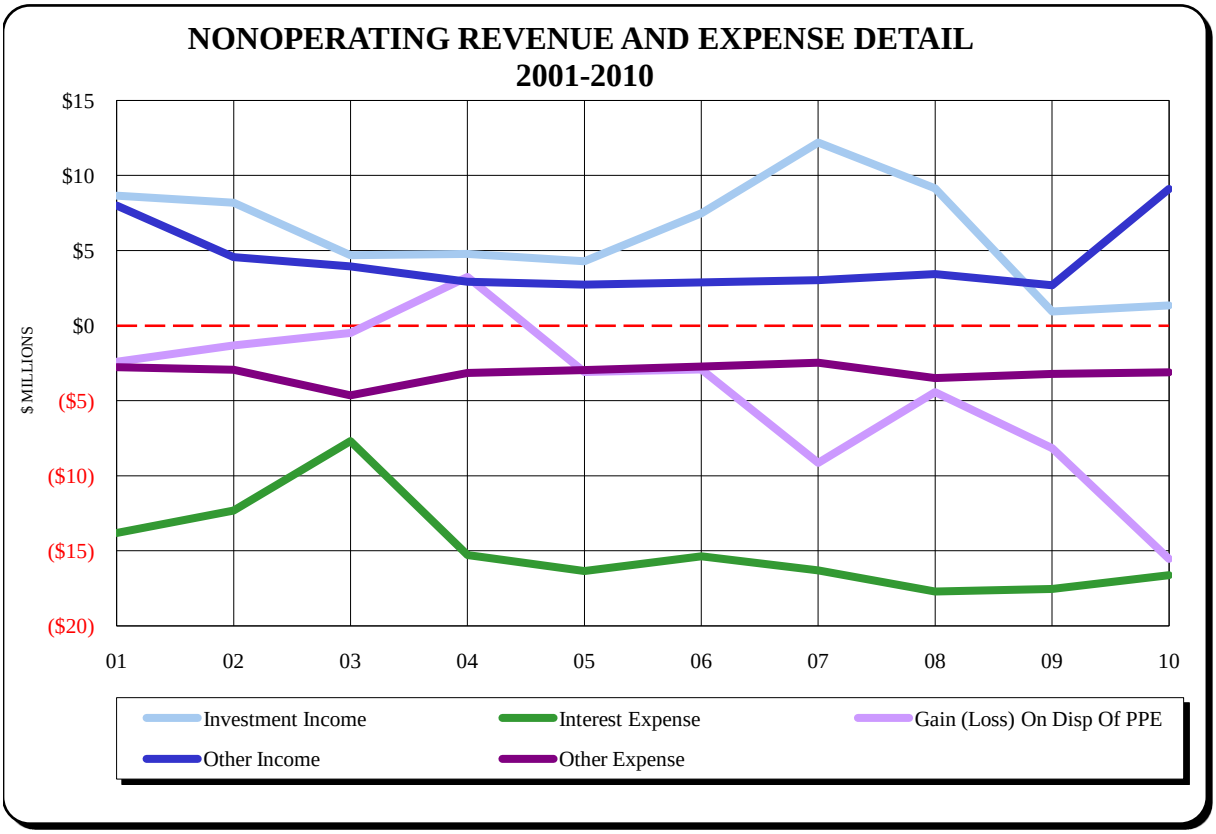
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
OPERATING REVENUES:										
Water	**$ 224,489**	$ 184,396	$ 205,941	$ 188,729	$ 193,743	$ 158,454	$ 136,138	$ 133,475	$ 142,887	$ 145,565
Power generation and other	**9,018**	8,634	10,321	7,913	7,315	7,425	5,370	5,234	5,375	5,633
Total operating revenues	**233,507**	193,030	216,262	196,642	201,058	165,879	141,508	138,709	148,262	151,198
OPERATING EXPENSES:										
Source of supply, pumping, treatment and distribution	**79,061**	67,993	66,176	59,321	59,607	57,797	57,091	52,735	48,089	43,756
General and administrative	**73,926**	72,487	60,955	54,545	45,439	39,312	37,104	33,240	37,691	35,500
Customer service	**13,713**	12,561	8,831	9,787	8,669	8,290	10,174	16,601	9,459	7,115
Depreciation and amortization	**38,322**	36,582	35,382	34,238	32,656	31,232	30,268	26,889	25,431	24,247
Total operating expenses	**205,022**	189,623	171,344	157,891	146,371	136,631	134,637	129,465	120,670	110,618
OPERATING INCOME	**28,485**	3,407	44,918	38,751	54,687	29,248	6,871	9,244	27,592	40,580
NONOPERATING REVENUES (EXPENSES):										
Investment income	**1,336**	948	9,141	12,201	7,491	4,295	4,777	4,700	8,184	8,665
Interest expense, less capitalized interest	**(16,630)**	(17,547)	(17,699)	(16,305)	(15,368)	(16,353)	(15,283)	(7,684)	(12,315)	(13,811)
Gain (loss) on disposition of capital assets	**(15,533)**	(8,168)	(4,426)	(9,144)	(2,922)	(3,097)	3,237	(481)	(1,314)	(2,410)
Other income	**9,100**	2,679	3,426	3,037	2,883	2,734	2,927	3,949	4,565	8,003
Other expense	**(3,112)**	(3,226)	(3,488)	(2,472)	(2,721)	(2,969)	(3,152)	(4,641)	(2,938)	(2,770)
Total nonoperating expenses, net	**(24,839)**	(25,314)	(13,046)	(12,683)	(10,637)	(15,390)	(7,494)	(4,157)	(3,818)	(2,323)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	**3,646**	(21,907)	31,872	26,068	44,050	13,858	(623)	5,087	23,774	38,257
CAPITAL CONTRIBUTIONS:										
Contributions in aid of construction	**10,861**	41,443	21,492	12,911	11,245	14,072	11,374	33,469	9,690	18,172
System development charges	**16,942**	25,308	18,499	26,023	20,851	26,119	36,461	20,568	35,675	22,420
Total capital contributions	**27,803**	66,751	39,991	38,934	32,096	40,191	47,835	54,037	45,365	40,592
INCREASE IN NET ASSETS	**31,449**	44,844	71,863	65,002	76,146	54,049	47,212	59,124	69,139	78,849
NET ASSETS:										
Beginning 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
End of year	**$ 1,582,809**	$ 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

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


OPERATING REVENUES AND EXPENSES: 2001-2010
$250
$200
$150
$100
$50
$0
$ MILLIONS
01
02
03
04
05
06
07
08
09
10
Operating Revenues
Operating Expenses


OPERATING INCOME, INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, AND INCREASE IN NET ASSETS: 2001-2010
$70
$50
$30
$10
($10)
($30)
$ MILLIONS
01
02
03
04
05
06
07
08
09
10
Increase in Net Assets
Operating Income
Income (Loss) Before Capital Contributions


OPERATING EXPENSE DETAIL: 2001-2010
$ MILLIONS
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0
01
02
03
04
05
06
07
08
09
10
SOS/Pump/Treat/T&D
General & Admin
Depr & Amort
Customer Service


NONOPERATING REVENUE AND EXPENSE DETAIL
2001-2010
$ MILLIONS
$15
$10
$5
$0
($5)
($10)
($15)
($20)
01
02
03
04
05
06
07
08
09
10
Investment Income
Interest Expense
Gain (Loss) On Disp Of PPE
Other Income
Other Expense

B - REVENUE CAPACITY INFORMATION

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

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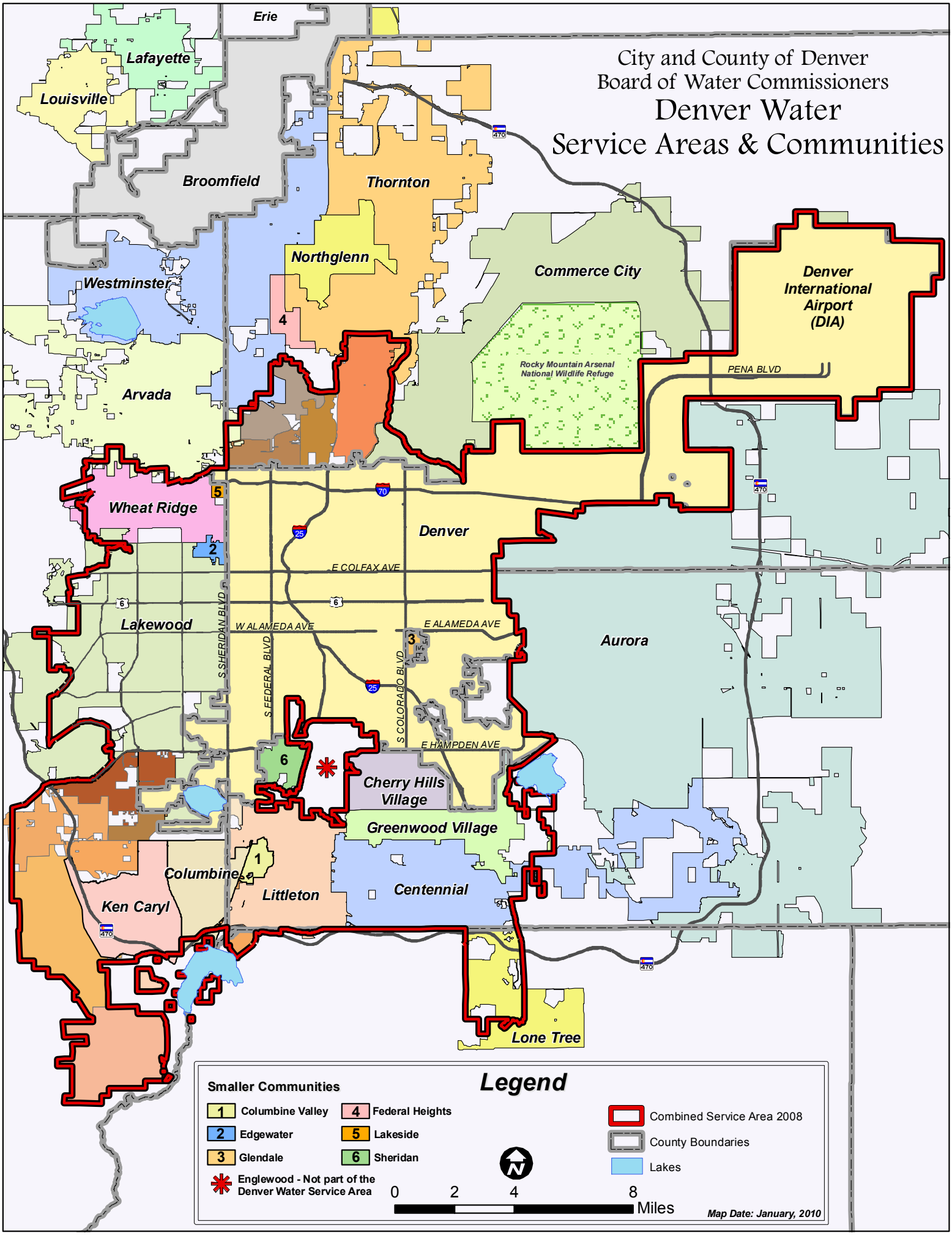
City and County of Denver
Board of Water Commissioners
Denver Water
Service Areas & Communities
Erie
Lafayette
Louisville
Broomfield
Thornton
Northglenn
Westminster
Commerce City
Denver International Airport (DIA)
Rocky Mountain Arsenal National Wildlife Refuge
PENA BLVD
Arvada
Wheat Ridge
Denver
E COLFAX AVE
Lakewood
W ALAMEDA AVE
E ALAMEDA AVE
Aurora
S SHERIDAN BLVD
S FEDERAL BLVD
S COLORADO BLVD
E HAMPDEN AVE
Cherry Hills Village
Greenwood Village
Columbine
Littleton
Centennial
Ken Caryl
Lone Tree
Legend
Smaller Communities
1 Columbine Valley
2 Edgewater
3 Glendale
4 Federal Heights
5 Lakeside
6 Sheridan
Englewood - Not part of the Denver Water Service Area
Combined Service Area 2008
County Boundaries
Lakes
0 2 4 8
Miles
Map Date: January, 2010

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CUSTOMER SERVICE DATA: 2001 - 2010

	2010	2009[4]	2008	2007	2006	2005	2004	2003	2002	2001
Active Taps:[1]										
Beginning of Year	**310,068**	309,373	308,079	306,901	304,483	301,565	299,157	295,841	286,051	282,985
Activated During Year	**886**	979	1,919	1,826	2,900	3,099	2,736	3,510	10,053 [5]	3,273
Discontinued During Year[6]	**(1,392)**	(284)	(625)	(648)	(482)	(181)	(328)	(194)	(263)	(207)
Net Increase During Year	**(506)**	695	1,294	1,178	2,418	2,918	2,408	3,316	9,790	3,066
Total Active Taps - End of Year	**309,562**	310,068	309,373	308,079	306,901	304,483	301,565	299,157	295,841	286,051
Active Taps:[1]										
Inside City	**159,592**	161,611	158,448	157,707	157,124	155,778	154,170	152,783	150,607	149,054
City and County	**1,277**	1,272	1,226	1,212	1,222	1,206	1,084	1,076	1,065	1,071
Outside City - Read and Bill	**36,477**	35,760	36,420	36,278	36,043	35,558	35,043	34,694	34,425	36,955
Outside City - Total Service	**36,376**	36,140	36,230	36,112	35,960	35,793	35,639	35,502	35,209	31,974
Outside City - Master Meter	**75,840**	75,285	77,049	76,770	76,552	76,148	75,629	75,102	74,535	66,997
Total Active Taps - End of Year	**309,562**	310,068	309,373	308,079	306,901	304,483	301,565	299,157	295,841	286,051
Stub-Ins on System[2]	**367**	275	801	1,408	1,936	1,926	2,887	3,023	2,553	2,992
Fire Hydrant Use Permits	**439**	485	518	546	518	488	472	473	830	456
AMR (Automatic Meter Reading) Installations	**886**	742	137	85	10,594	9,855	54,085	71,737	56,499	30,359
Turn-Offs Due to Delinquent Accounts	**6,687**	8,913	13,284	12,747	12,895	11,529	14,684	12,776	11,586	10,293
In-Home Water Audits	**409**	349	383	169	56	81	89	12	60	98
Call Center Calls[3]	**213,065**	229,979	237,047	215,457	198,620	212,114	253,716	302,488	281,339	193,395
Water Quality Calls:										
Taste and Odor	**221**	194	161	180	161	87	66	90	125	78
Dirty Water	**309**	356	205	221	222	90	221	166	15	75
Illness Concerns	**51**	56	48	50						
Other	**128**	63	50	40	88	24	22	14	135	80
New Taps Made	**583**	679	1,743	1,901	3,199	2,991	3,537	4,178	3,572	3,869

[1]An 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.

[2]A 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.

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

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

[5]In 2002, there was an increase of 6,820 taps for Master Meter accounts within Willows Water District.

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 2001 - 2010

(NON-ACCRUAL BASIS)[1]

		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
SALES OF TREATED WATER											
A. METERED GENERAL CUSTOMERS											
Residential -	Inside City	**$ 46,657,954**	$ 34,775,888	$ 39,376,164	$ 36,393,023	$ 38,199,085	$ 32,166,524	$ 25,519,691	$ 24,591,998	$ 29,478,121	$ 29,973,238
	Outside City-Read and Bill	**17,546,777**	13,016,488	15,970,063	16,254,687	16,932,885	13,571,874	10,090,734	10,407,779	12,489,117	13,616,982
	Outside City-Total Service	**24,172,261**	17,921,389	22,068,530	19,965,386	21,867,605	17,501,336	13,040,907	13,466,257	15,849,049	14,562,075
Residential Irrigation[2] -	Inside City	**1,044,476**	706,791	860,037	682,863	-	-	-	-	-	-
	Outside City-Read and Bill	**797,644**	608,736	695,733	427,027	-	-	-	-	-	-
	Outside City-Total Service	**617,095**	467,450	459,198	387,902	-	-	-	-	-	-
Small multi-family -	Inside City	**4,284,782**	3,657,023	3,734,468	3,464,003	3,286,943	2,915,980	2,437,967	2,342,691	2,683,574	2,813,072
	Outside City-Read and Bill	**370,467**	331,013	291,046	262,831	258,146	213,955	166,063	171,801	187,282	205,431
	Outside City-Total Service	**605,929**	551,504	527,581	463,918	501,493	384,187	297,355	287,338	285,525	307,981
Commercial -	Inside City	**31,453,798**	29,121,188	29,548,451	28,431,530	27,371,039	24,639,807	20,384,807	19,467,138	21,156,722	22,104,138
	Outside City-Read and Bill	**8,069,162**	8,163,488	7,164,332	7,645,015	7,892,400	6,414,233	5,115,882	4,718,281	5,594,571	6,897,085
	Outside City-Total Service	**8,285,358**	8,039,900	7,575,323	8,372,179	7,908,811	6,510,148	5,147,372	5,140,036	5,394,223	4,916,979
Industrial -	Inside City	**2,820,110**	2,896,054	3,019,867	2,995,858	2,639,252	2,167,674	1,450,023	1,449,698	1,619,658	1,647,207
	Outside City-Read and Bill	**2,101,036**	2,015,892	2,384,378	2,444,240	2,155,166	1,689,261	1,648,020	1,579,615	1,500,419	1,518,244
	Outside City-Total Service	**183,998**	120,180	201,447	161,141	169,731	168,643	124,443	115,709	140,386	201,048
Other Irrigation[3] -	Inside City	**2,888,674**	1,815,181	2,017,121	-	-	-	-	-	-	-
	Outside City-Read and Bill	**1,757,368**	1,181,979	1,245,629	-	-	-	-	-	-	-
	Outside City-Total Service	**2,566,591**	1,697,067	1,920,394	-	-	-	-	-	-	-
		156,223,480	127,087,211	139,059,762	128,351,603	129,182,556	108,343,622	85,423,264	83,738,341	96,378,647	98,763,480
B. PRIVATE FIRE PROTECTION SERVICE											
Sprinklers -	Inside City	**927,685**	924,379	896,054	878,826	860,403	698,448	667,781	644,949	596,359	582,947
	Outside City-Read and Bill	**48,628**	52,335	45,125	44,990	43,798	41,960	39,001	36,611	36,580	41,162
	Outside City-Total Service	**70,207**	71,017	63,537	61,989	58,273	55,405	50,214	49,317	38,758	30,831
		1,046,520	1,047,731	1,004,716	985,805	962,474	795,813	756,996	730,877	671,697	654,940
C. OTHER SALES TO PUBLIC AUTHORITIES											
City & County of Denver[4] -	Irrigation	**3,615,479**	2,440,481	3,393,500	-	-	-	-	-	-	-
	Non-Irrigation	**1,583,678**	1,771,774	1,491,310	3,799,221	4,125,917	2,937,308	2,253,901	2,208,368	2,820,502	3,698,215
Other County Agencies -	Inside City	**1,040,428**	950,357	1,153,133	1,102,420	1,115,319	892,886	586,182	497,082	642,378	781,712
	Outside City-Read and Bill	**891,116**	458,388	600,417	751,568	725,214	480,019	368,173	319,999	329,215	402,592
	Outside City-Total Service	**839,242**	674,049	757,751	1,136,430	1,126,671	854,730	496,975	583,161	642,713	704,127
State Agencies -	Inside City	**362,282**	351,941	469,445	480,671	497,702	414,814	344,114	351,249	347,615	298,329
	Outside City-Read and Bill	**36,999**	34,898	28,625	29,050	26,168	21,691	5,512	5,230	6,904	8,347
	Outside City-Total Service	**4,992**	4,368	6,588	5,728	4,449	3,598	3,094	3,039	3,649	14,026
Federal Agencies -	Inside City	**91,571**	357,249	287,892	269,239	230,640	208,165	184,598	254,564	281,492	380,422
	Outside City-R&B at Denver Rates	**30,709**	35,376	60,880	17,315	16,622	18,326	14,575	6,382	11,090	13,049
	Outside City-Read and Bill	**530,372**	118,080	427,449	296,710	248,055	334,522	259,737	255,645	321,690	402,590
	Total Service	**1,430**	1,677	1,690	1,695	1,940	1,788	1,319	1,168	1,148	1,352
		9,028,298	7,198,638	8,678,680	7,890,047	8,118,697	6,167,847	4,518,180	4,485,887	5,408,396	6,704,761
D. SALES OF TREATED WATER FOR RESALE											
Outside City - Master Meter		**43,196,378**	38,192,266	40,908,625	37,611,201	37,395,707	32,270,338	26,050,154	26,043,878	29,756,959	31,410,719
Outside the Combined Service Area		**9,552,069**	8,953,549	8,686,347	9,140,987	7,715,172	5,555,118	4,931,283	4,940,714	2,961,737	2,742,561
		52,748,447	47,145,815	49,594,972	46,752,188	45,110,879	37,825,456	30,981,437	30,984,592	32,718,696	34,153,280
TOTAL SALES OF TREATED WATER		**219,046,745**	182,479,395	198,338,130	183,979,643	183,374,606	153,132,738	121,679,877	119,939,697	135,177,436	140,276,461
SALES OF NONPOTABLE WATER		**6,188,569**	5,586,538	7,204,183	5,576,020	9,308,468	5,458,866	4,366,827	6,150,187	5,921,473	4,086,844
TOTAL SALES OF WATER		**$225,235,314**	$ 188,065,933	$ 205,542,313	$ 189,555,663	$ 192,683,073	$158,591,604	$ 126,046,704	$ 126,089,884	$ 141,098,909	$ 144,363,305

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled metered accounts. Therefore, amounts on this shedule 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]In 2007, a separate rate classification was created for residential irrigation-only customers ("Residential Irrigation"). For years prior to 2007, the revenue earned from the sale of water and the related gallons sold to these customers are included in the amounts shown for regular residential service.

[3]In 2008, a separate rate classification was created for commercial, industrial and governmental irrigation-only customers ("Other Irrigation"). For years prior to 2008, the revenue earned from the sale of water and the related gallons sold to these customers are included in the amounts shown for regular commercial, industrial and local government agency service.

[4]In 2008, a separate rate classification was created for City and County of Denver irrigation-only customers ("City & County of Denver - Irrigation"). For years prior to 2008, the revenue earned from the sale of water and the related gallons sold to these customers are included in "City & County of Denver - Non-Irrigation."

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 2001 - 2010
(amounts expressed in thousands of gallons)

SALES OF TREATED WATER		**2010**	2009	2008	2007	2006	2005	2004	2003	2002	2001
A. METERED GENERAL CUSTOMERS											
Residential -	Inside City	**13,601,820**	12,075,102	14,190,479	13,788,207	15,319,966	13,900,011	12,142,332	12,768,789	15,773,236	16,576,648
	Outside City-Read and Bill	**4,593,122**	4,114,005	4,913,295	4,691,563	5,278,025	4,704,115	3,996,515	4,440,254	5,487,851	6,158,545
	Outside City-Total Service	**4,959,464**	4,388,923	5,297,529	5,008,534	5,673,116	4,990,298	4,269,146	4,696,076	5,650,228	5,329,661
Residential Irrigation[1] -	Inside City	**261,019**	190,264	247,163	186,902	-	-	-	-	-	-
	Outside City-Read and Bill	**186,694**	139,916	200,591	116,794	-	-	-	-	-	-
	Outside City-Total Service	**124,574**	94,358	125,168	89,235	-	-	-	-	-	-
Small multi-family -	Inside City	**1,525,150**	1,437,136	1,556,375	1,544,714	1,625,016	1,505,370	1,389,009	1,468,994	1,746,857	1,868,579
	Outside City-Read and Bill	**118,190**	114,740	113,627	108,934	102,529	90,030	77,006	84,231	94,439	103,207
	Outside City-Total Service	**156,313**	149,255	158,912	149,588	164,236	141,204	121,841	121,218	124,842	136,811
Commercial -	Inside City	**12,398,800**	12,069,634	12,643,141	13,060,641	13,453,864	13,607,253	12,397,505	12,721,738	13,949,046	15,123,479
	Outside City-Read and Bill	**2,370,656**	2,390,356	2,519,213	2,778,664	2,940,758	2,681,743	2,406,636	2,454,933	2,959,557	3,763,377
	Outside City-Total Service	**2,248,376**	2,160,037	2,235,147	2,544,606	2,729,083	2,504,610	2,235,938	2,318,860	2,440,232	2,289,032
Industrial -	Inside City	**1,220,187**	1,286,307	1,328,867	1,434,058	1,403,596	1,225,477	921,583	966,217	1,114,419	1,153,680
	Outside City-Read and Bill	**685,581**	696,547	884,226	913,261	861,583	761,029	809,455	837,590	824,185	852,249
	Outside City-Total Service	**49,246**	33,022	59,666	50,081	60,063	67,231	55,164	52,650	65,470	94,898
Other Irrigation[1]-	Inside City	**747,524**	574,776	806,722	-	-	-	-	-	-	-
	Outside City-Read and Bill	**416,362**	300,627	421,140	-	-	-	-	-	-	-
	Outside City-Total Service	**525,479**	391,178	546,971	-	-	-	-	-	-	-
		46,188,557	42,606,183	48,248,232	46,465,782	49,611,835	46,178,371	40,822,130	42,931,550	50,230,362	53,450,166
B. OTHER SALES TO PUBLIC AUTHORITIES											
City & County of Denver	Irrigation	**1,594,390**	1,036,056	1,951,435	-	-	-	-	-	-	-
	Non-Irrigation	**790,149**	888,372	824,476	2,415,541	2,793,826	2,234,854	2,025,120	1,930,823	2,562,216	3,166,663
Other County Agencies -	Inside City	**363,214**	358,456	478,945	500,176	535,080	453,343	341,248	323,413	426,231	522,489
	Outside City-Read and Bill	**261,631**	135,817	212,370	273,868	275,898	202,617	174,332	169,059	175,282	220,074
	Outside City-Total Service	**208,405**	166,629	219,046	338,161	386,017	327,077	216,835	272,066	305,034	325,814
State Agencies -	Inside City	**140,865**	147,880	200,936	224,516	251,300	223,379	216,143	232,196	234,996	197,437
	Outside City-Read and Bill	**10,112**	9,857	9,927	10,368	9,349	8,717	2,538	2,728	3,591	4,527
	Outside City-Total Service	**1,370**	1,177	1,931	1,742	1,468	1,316	1,302	1,362	1,677	6,500
Federal Agencies -	Inside City	**38,759**	55,456	84,686	133,356	129,602	128,769	127,765	169,343	177,498	259,696
	Outside City-R&B at Denver Rates	**12,116**	195,924	121,545	8,334	6,560	8,527	8,575	11,955	6,842	9,234
	Outside City-Read and Bill	**152,973**	38,949	149,333	107,201	94,067	126,584	121,151	133,556	172,075	221,155
	Total Service	**384**	443	488	506	475	452	489	516	517	616
		3,574,368	3,035,016	4,255,118	4,013,769	4,483,642	3,715,635	3,235,498	3,247,017	4,065,959	4,934,205
C. SALES OF TREATED WATER FOR RESALE											
Outside City - Master Meter		**14,352,778**	12,824,666	15,294,977	14,753,753	15,717,343	14,544,666	12,954,486	14,080,192	16,305,525	17,353,457
Outside the Combined Service Area		**3,021,344**	2,902,470	3,008,039	3,482,153	3,116,980	2,512,136	2,461,079	2,614,134	1,618,436	1,515,227
		17,374,122	15,727,136	18,303,016	18,235,906	18,834,323	17,056,802	15,415,565	16,694,326	17,923,961	18,868,684
TOTAL SALES OF TREATED WATER		**67,137,047**	61,368,335	70,806,366	68,715,457	72,929,800	66,950,808	59,473,193	62,872,893	72,220,282	77,253,055
Reconciliation of Water Treated, Delivered, Consumption, Sales and Unaccounted For Water:											
Total Water Treated (Production) - page III-21 & III-76		**69,713,070**	62,089,800	71,983,540	70,474,410	74,722,230	68,500,800	60,577,670	65,382,520	75,334,070	81,093,250
(Increase) Decrease in Clear Water Storage - page III-21 & III-76		**(17,670)**	17,100	(7,670)	5,430	2,750	(27,100)	1,100	16,950	(112,890)	(41,830)
Treated Water Delivered - pages III-21 & III-76		**69,695,400**	62,106,900	71,975,870	70,479,840	74,724,980	68,473,700	60,578,770	65,399,470	75,221,180	81,051,420
Water Purchased - page III-21		-	-	-	-	-	-	-	-	-	3,301
Treated Water Available (Consumption) - pages III-21 & III-75		**69,695,400**	62,106,900	71,975,870	70,479,840	74,724,980	68,473,700	60,578,770	65,399,470	75,221,180	81,054,721
Less Sales of Treated Water - page III-21		**(67,137,047)**	(61,368,335)	(70,806,366)	(68,715,457)	(72,929,800)	(67,175,382)	(59,473,193)	(63,008,593)	(72,220,282)	(77,253,055)
Less Load Shifted Treated Water - page III-21		-	-	-	-	-	-	-	(635,451)	(260,567)	-
Unaccounted For Treated Water - page III-21		**2,558,353**	738,565	1,169,504	1,764,383	1,795,180	1,298,318	1,105,577	1,755,426	2,740,331	3,801,666
% Unaccounted For - page III-21		**3.67%**	1.19%	1.62%	2.50%	2.40%	1.90%	1.83%	2.68%	3.64%	4.69%

[1]See footnotes on page III-16.

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2010 (Page 1 of 2)
(NON-ACCRUAL BASIS)[1]

		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	$ 46,657,954	13,601,820	132,637	$ 3.4303
	Outside City-Read and Bill	17,546,777	4,593,122	33,114	3.8202
	Outside City-Total Service	24,172,261	4,959,464	32,290	4.8740
Residential Irrigation	Inside City	1,044,476	261,019	512	4.0015
	Outside City-Read and Bill	797,644	186,694	174	4.2725
	Outside City-Total Service	617,095	124,574	156	4.9536
Small multi-family	Inside City	4,284,782	1,525,150	9,300	2.8094
	Outside City-Read and Bill	370,467	118,190	515	3.1345
	Outside City-Total Service	605,929	156,313	623	3.8764
Commercial	Inside City	31,453,798	12,398,800	14,823	2.5368
	Outside City-Read and Bill	8,069,162	2,370,656	2,470	3.4038
	Outside City-Total Service	8,285,358	2,248,376	2,793	3.6850
Industrial	Inside City	2,820,110	1,220,187	269	2.3112
	Outside City-Read and Bill	2,101,036	685,581	7	3.0646
	Outside City-Total Service	183,998	49,246	9	3.7363
Other Irrigation	Inside City	2,888,674	747,524	708	3.8643
	Outside City-Read and Bill	1,757,368	416,362	243	4.2208
	Outside City-Total Service	2,566,591	525,479	410	4.8843
		156,223,480	46,188,557	231,053	3.3823
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	Inside City	927,685	- [2]		
	Outside City-Read and Bill	48,628	- [2]		
	Outside City-Total Service	70,207	- [2]		
		1,046,520	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver	Irrigation	3,615,479	1,594,390	949	2.2676
	Non-Irrigation	1,583,678	790,149	446	2.0043
Other County Agencies	Inside City	1,040,428	363,214	168	2.8645
	Outside City-Read and Bill	891,116	261,631	51	3.4060
	Outside City-Total Service	839,242	208,405	76	4.0270
State Agencies	Inside City	362,282	140,865	53	2.5718
	Outside City-Read and Bill	36,999	10,112	4	3.6589
	Outside City-Total Service	4,992	1,370	2	3.6438
Federal Agencies	Inside City	91,571	38,759	29	2.3626
	Outside City-RB at Inside Rates	30,709	12,116	2	2.5346
	Outside City-Read and Bill	530,372	152,973	8	3.4671
	Outside City-Total Service	1,430	384	2	3.7240
		9,028,298	3,574,368	1,790	2.5258

[1] This 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. See "Sales of Treated Water between Inside City and Outside City" for this estimate.

(Continued next page)

OPERATING REVENUE AND RELATED WATER CONSUMPTION (Continued) - 2010 (Page 2 of 2)
(NON-ACCRUAL BASIS)

	Revenue	Consumption (000)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER (Continued)				
D. SALES OF TREATED WATER FOR RESALE[3]				
Outside City - Master Meter	$ 43,196,378	14,352,778	75,840	$ 3.0096
Outside the Combined Service Area	9,552,069	3,021,344	-	3.1615
	52,748,447	17,374,122	75,840	3.0360
TOTAL SALES OF TREATED WATER[4]	219,046,745	67,137,047	308,683	3.2627
II. SALES OF NONPOTABLE WATER[5]				
Inside City	603,318	1,360,904	39	0.4433
Outside City	404,138	964,747	8	0.4189
Outside the Combined Service Area	5,181,113	7,780,962	8	0.6659
	6,188,569	10,106,613	55	0.6123
TOTAL SALES OF WATER	225,235,314	77,243,660	308,738	$ 2.9159
III. OTHER NONPOTABLE WATER DELIVERIES[5]		1,504,283		
TOTAL GALLONS SOLD		78,747,943		
IV. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE[6]				
Foothills Treatment Plant	453,683			
Strontia Springs	355,795			
Dillon Dam	409,421			
Roberts Tunnel	961,483			
Hillcrest	495,388			
Williams Fork	42,212			
Gross Reservior	1,281,660			
	3,999,642			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	2,050,594			
Conservation Penalties	202,012			
Field Collection Charges	673,017			
Turnoff - Turn on Charges	723,850			
Hydrant & Construction Water	1,610,184			
Drought Surcharge Credits	-			
Water Storage Rental	-			
Other Assessments	(241,340)			
	5,018,317			
TOTAL OTHER OPERATING REVENUE	9,017,959			
TOTAL OPERATING REVENUE	$234,253,273			

[3]See "Sales of Treated Water for Resale."

[4]See "Sales of Treated Water Between Inside and Outside City."

[5]See "Sales of Nonpotable Water Between Inside and Outside City."

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

SALES OF TREATED WATER BETWEEN INSIDE AND OUTSIDE CITY - 2010
(NON-ACCRUAL BASIS)[1]

	Revenue		Gallons Sold		Average
	Amount	Percent of Total	Amount (000)	Percent of Total	Number of Customers
I. INSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential	$ 46,657,954	21.30%	13,601,820	20.26%	132,637
Residential Irrigation	1,044,476	0.48%	261,019	0.39%	512
Duplex	2,260,008	1.03%	779,171	1.16%	5,848
3-Plex	657,541	0.30%	235,908	0.35%	1,375
4-Plex	920,857	0.42%	341,601	0.51%	1,505
5-Plex	446,376	0.20%	168,470	0.25%	572
Commercial	31,453,798	14.36%	12,398,800	18.47%	14,823
Industrial	2,820,110	1.29%	1,220,187	1.82%	269
Other Irrigation	2,888,674	1.32%	747,524	1.11%	708
	89,149,794	40.70%	29,754,500	44.32%	158,249
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	927,685	0.42%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver-Irrigation	3,615,479	1.65%	1,594,390	2.37%	949
Other County Agencies-Non-Irrigation	1,583,678	0.72%	790,149	1.18%	446
Other County Agencies	1,040,428	0.47%	363,214	0.54%	168
State Agencies	362,282	0.17%	140,865	0.21%	53
Federal Agencies	91,571	0.04%	38,759	0.06%	29
	6,693,438	3.06%	2,927,377	4.36%	1,645
TOTAL SALES OF TREATED WATER - INSIDE CITY	96,770,917	44.18%	32,681,877	48.68%	159,894
Revenue per 1,000 Gallons - Inside City			$2.9610		
II. OUTSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential - Read & Bill	17,546,777	8.01%	4,593,122	6.84%	33,114
Residential Irrigation - Read & Bill	797,644	0.36%	186,694	0.28%	174
Duplex - Read & Bill	81,453	0.04%	25,194	0.04%	142
3-Plex - Read & Bill	68,659	0.03%	21,628	0.03%	113
4-Plex - Read & Bill	193,686	0.09%	62,591	0.09%	230
5-Plex - Read & Bill	26,670	0.01%	8,777	0.01%	30
Commercial - Read & Bill	8,069,162	3.68%	2,370,656	3.53%	2,470
Industrial - Read & Bill	2,101,036	0.96%	685,581	1.02%	7
Other Irrigation -Read & Bill	1,757,368	0.80%	416,362	0.62%	243
Residential - Total Service	24,172,261	11.04%	4,959,464	7.39%	32,290
Residential Irrigation - Total Service	617,095	0.28%	124,574	0.19%	156
Duplex - Total Service	178,448	0.08%	44,812	0.07%	260
3-Plex - Total Service	101,263	0.05%	26,070	0.04%	102
4-Plex - Total Service	254,590	0.12%	66,233	0.10%	196
5-Plex - Total Service	71,628	0.03%	19,198	0.03%	65
Commercial - Total Service	8,285,358	3.78%	2,248,376	3.35%	2,793
Industrial - Total Service	183,998	0.08%	49,246	0.07%	9
Other Irrigation - Total Service	2,566,591	1.17%	525,479	0.78%	410
	67,073,687	30.62%	16,434,057	24.48%	72,804

[1] This 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 INSIDE AND OUTSIDE CITY - 2010
(NON-ACCRUAL BASIS)

	Revenue		Gallons sold		Average
	Amount	Percent of Total	Amount (000)	Percent of Total	Number of Customers
II. OUTSIDE CITY (Continued)					
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	$ 48,628	0.02%	- [2]		
Sprinklers - Total Service	70,207	0.03%	- [2]		
	118,835	0.05%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies - Read & Bill	891,116	0.41%	261,631	0.39%	51
State Agencies - Read & Bill	36,999	0.02%	10,112	0.02%	4
Federal Agencies - Read & Bill	530,372	0.24%	152,973	0.23%	8
Federal Agencies at Denver Rates	30,709	0.01%	12,116	0.02%	2
County Agencies - Total Service	839,242	0.38%	208,405	0.31%	76
State Agencies - Total Service	4,992	-	1,370	-	2
Federal Agencies - Total Service	1,430	-	384	-	2
	2,334,860	1.07%	646,991	0.96%	145
D. SALES OF TREATED WATER FOR RESALE[3]					
Master Meter Distributors	43,196,378	19.72%	14,352,778	21.38%	75,840
Outside CSA-Fixed Limit Contracts	9,552,069	4.36%	3,021,344	4.50%	-
	52,748,447	24.08%	17,374,122	25.88%	75,840
TOTAL SALES OF TREATED WATER - OUTSIDE CITY	122,275,829	55.82%	34,455,170	51.32%	148,789
Revenue per 1,000 Gallons - Outside City			$3.5488		
TOTAL SALES OF TREATED WATER	$ 219,046,745	100.00%	67,137,047	100.00%	308,683
Revenue per 1,000 Gallons - Total			$3.2627		

RECONCILIATION/CALCULATION OF UNACCOUNTED FOR WATER		
Total Water Treated (Production) - Page III-76	69,713,070	
(Increase) Decrease in Clear Water Storage - Page III-76	(17,670)	
Total Treated Water Delivered - Page III-76	69,695,400	
Water Purchased	-	
Total Treated Water Available (Consumption) - Page III-75	69,695,400	100.00%
Less Sale of Treated Water	(67,137,047)	(96.33)%
Less Load Shifted Treated Water	-	-
Unaccounted for Treated Water	2,558,353	3.67%

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

[3] See "Sales of Treated Water For Resale."

SALES OF NONPOTABLE WATER BETWEEN INSIDE AND OUTSIDE CITY - 2010 (NON-ACCRUAL BASIS)[1]

	Revenue		Gallons Sold			
	Amount	Percent of Total	Amount (000)	Percent of Total	Number of Customers[3]	Revenue Per 1,000 Gallons
I. INSIDE CITY						
Raw Water Sales						
City & County of Denver Agencies	$ 52,920	0.86%	278,524	2.76%	4	$ 0.1900
Xcel Energy	118,953	1.92%	258,092	2.55%	1	0.4609
All Other	52,471	0.85%	106,641	1.06%	2	0.4920
	224,344	3.63%	643,257	6.36%	7	0.3488
Effluent Sales						
City & County of Denver Agencies	1,995	0.03%	10,499	0.10%	-	0.1900
Xcel Energy	67,907	1.10%	144,489	1.43%	1	0.4700
All Other	47,805	0.77%	101,707	1.01%	-	0.4700
	117,707	1.90%	256,695	2.54%	1	0.4585
Recycle Sales						
City & County of Denver Agencies	63,109	1.02%	238,875	2.36%	23	0.2642
All Other	198,158	3.20%	222,077	2.20%	8	0.8923
	261,267	4.22%	460,952	4.56%	31	0.5668
Minimum Contract Payments[2]-All Other	-	-	-	-	-	-
Total Inside City	603,318	9.75%	1,360,904	13.47%	39	0.4433
II. OUTSIDE CITY, WITHIN COMBINED SERVICE AREA						
Raw Water Sales-All Others	83,352	1.35%	133,047	1.32%	4	0.6265
Effluent Sales-All Others	3,608	0.06%	8,720	0.09%	1	0.4138
Recycle Sales-Xcel Energy	-	-	-	-	-	-
Minimum Contract Payments[2]-All Other	317,178	5.13%	822,980	8.14%	3	0.3854
Total Outside City, Within Combined Service Area	404,138	6.53%	964,747	9.55%	8	0.4189
III. OUTSIDE COMBINED SERVICE AREA						
Raw Water for Resale						
City of Arvada	3,391,175	54.80%	4,419,624	43.73%	1	0.7673
North Table Mountain	609,709	9.85%	793,325	7.85%	1	0.7685
	4,000,884	64.65%	5,212,949	51.58%	2	0.7675
Raw Water Sales						
Centennial Water & Sanitation District	237,882	3.84%	280,470	2.78%	1	0.8482
Consolidated Mutual Water	94,797	1.53%	111,767	1.11%	1	0.8482
All Other	190,822	3.08%	1,452,866	14.38%	3	0.1313
	523,501	8.46%	1,845,103	18.26%	5	0.2837
Effluent Sales-All Other	-	-	-	-	-	-
Recycle Sales-Xcel Energy	656,728	10.61%	722,910	7.15%	1	0.9085
Minimum Contract Payments[2]-All Other	-	-	-	-	-	-
	656,728	10.61%	722,910	7.15%	1	0.9085
Total Outside Combined Service Area	5,181,113	83.72%	7,780,962	76.99%	8	0.6659
TOTAL SALES OF NONPOTABLE WATER	$ 6,188,569	100.00%	10,106,613	100.00%	55	$ 0.6123
IV. OTHER NONPOTABLE WATER DELIVERIES						
City Ditch at Washington Park			658,700			
City of Englewood (Cabin-Meadow Exchange)			845,583			
Total Other Non-Potable Water Deliveries			1,504,283			
TOTAL NONPOTABLE WATER DELIVERIES			11,610,896			

[1]This 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.

[2]The 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.

[3]If 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 - 2010[1]

		Total Customer Accounts[2]			Accounts with Active Billed Consumption	
		12-31-10	12-31-09	Increase (Decrease)	12-31-10	12-31-09
METERED GENERAL CUSTOMERS						
Residential	Inside City	145,199	139,315	5,884	133,149	131,233
	Outside City	35,137	34,038	1,099	33,288	32,910
	Total Service	34,293	33,271	1,022	32,446	32,140
Small multi-family	Inside City	9,204	9,653	(449)	9,300	9,222
	Outside City	515	532	(17)	515	510
	Total Service	591	628	(37)	623	618
Commercial	Inside City	15,744	15,406	338	14,823	14,725
	Outside City	2,550	2,499	51	2,470	2,448
	Total Service	2,862	2,850	12	2,793	2,755
Industrial	Inside City	293	283	10	269	263
	Outside City	7	7	-	7	7
	Total Service	9	9	-	9	9
Other Irrigation	Inside City	717	745	(28)	708	692
	Outside City	219	239	(20)	243	234
	Total Service	421	411	10	410	401
TOTAL METERED GENERAL CUSTOMERS		247,761	239,886	7,875	231,053	228,167
PUBLIC AUTHORITIES						
City & County of Denver		1,424	1,206	218	1,395	1,164
Other County Agencies	Inside City	169	168	1	168	164
	Outside City	53	50	3	51	49
	Total Service	80	79	1	76	77
State Agencies	Inside City	52	54	(2)	53	52
	Outside City	5	5	-	4	4
	Total Service	2	3	(1)	2	3
Federal Agencies	Inside City	24	28	(4)	31	27
	Outside City	8	2	6	8	2
	Total Service	3	2	1	2	2
TOTAL PUBLIC AUTHORITIES		1,820	1,597	223	1,790	1,544
RESALE ACCOUNTS (MASTER METER)[3]		75,840	75,285	555	75,840	75,285
TOTAL TREATED WATER CUSTOMERS		325,421	316,768	8,653	308,683	304,996

[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 which Denver Water currently provides service or has provided service at any time during the last five consecutive years. A customer may have more than one license, tap and/or premise.

[3] See "Analysis of Sales of Treated Water for Resale."

WATER RATE SCHEDULES - 2010

(Effective for bills dated on or after February 3, 2010)
Rate per 1,000 Gallons

TREATED WATER CONSUMPTION CHARGES (Monthly)

	Schedule 1 Inside City	Outside City Schedule 2 Read and Bill	Outside City Schedule 3 Total Service
Single Family Residential			
First 11,000 Gallons	$ 2.11	$ 2.20	$ 2.59
12,000 - 30,000 Gallons	4.22	4.40	5.18
31,000 - 40,000 Gallons	6.33	6.60	7.77
Over 40,000 Gallons	8.44	8.80	10.36
Small Multi-Family (Duplex through 5-Plex with a Single Meter)			
First 15,000 Gallons[1]	2.33	2.71	3.39
Over 15,000 Gallons	2.80	3.25	4.07
All Other (Non-Residential)			
Winter - All Consumption	$ 1.54	$ 1.99	$ 2.16
Summer - All Consumption	3.08	3.98	4.32
Irrigation Only			
Winter - All Consumption	1.00	1.09	1.26
Summer - All Consumption	4.00	4.36	5.04

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

SERVICE CHARGES	Monthly
	$ 5.58

PRIVATE FIRE PROTECTION SERVICE CHARGES (Monthly)

	Schedule 1 Inside City	Outside City Schedule 2 Read and Bill	Outside City 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 Master Meter	Schedule 5 Master Meter Maintenance
TREATED WATER CONSUMPTION CHARGE (Monthly) (Rate per 1,000 Gallons)	$ 3.01	$ 4.45
	Monthly	
SERVICE CHARGES FOR ALL METER SIZES	$ 5.58	

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
Raw and Recycled

RAW WATER CONSUMPTION (Monthly)	Per 1,000 Gallons	Per Acre Foot
Inside City	$ 0.47	$ 153.15
Outside City	0.77	250.90
Outside the Combined Service Area (See Rate Schedule No. 7)	0.90	293.27
CITY OF ARVADA RAW WATER CONSUMPTION	$ 0.77	$ 250.90
	Monthly	
SERVICE CHARGES FOR RAW WATER	n/a	

RECYCLED WATER CONSUMPTION	Per 1,000 Gallons	Per Acre Foot
Inside City	$ 0.89	$ 290.01
Outside City	n/a	n/a
Outside the Combined Service Area (See Rate Schedule No. 7)	0.91	296.52
	Monthly	
SERVICE CHARGES FOR RECYCLED WATER	$ 5.58	

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

	Per 1,000 Gallons	Per Acre Foot
TREATED WATER CONSUMPTION (Monthly)	$ 3.36	$ 1,094.86
	Monthly	
SERVICE CHARGE FOR TREATED WATER	$ 5.58	
	Per 1,000 Gallons	Per Acre Foot
RAW WATER CONSUMPTION	$ 0.90	$ 293.27
	Monthly	
SERVICE CHARGE FOR RAW WATER	n/a	
	Per 1,000 Gallons	Per Acre Foot
RECYCLED WATER CONSUMPTION	$ 0.91	$ 296.52
	Monthly	
SERVICE CHARGE FOR RECYCLED WATER	$ 5.58	

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	Inside City	Outside City
Base Charge per Residence	$ 2,550	$ 3,570
Additional Charge per Square Foot of Gross Lot Size	0.52	0.73

MULTI-FAMILY RESIDENTIAL (Two or More Dwelling Units Served Through Single Tap)		
Base charge or first two dwelling units served through a single tap	$ 7,950	$ 11,130
Charge for each additional dwelling unit served through a single tap	1,570	2,200

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 f methods, **but will not be less than the SDC for the size of the tap to be installed.**

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

ALL OTHER (NON-RESIDENTIAL)	Treated Water		Recycled Water	
Tap Size	Inside City	Outside City	Inside City	Outside City
3/4"	$ 6,450	$ 9,020	$ 4,600	$ 6,440
1"	16,820	23,550	12,290	17,210
1 1/2"	35,570	49,800	26,700	37,390
2"	65,690	91,970	49,080	68,710
3"	123,680	173,150	94,520	132,320
4"	175,620	245,870	131,910	184,670
6"	270,640	378,900	212,310	297,230
8"	368,150	515,410	292,710	409,790
10"	507,100	709,950	373,110	522,350
12"	548,460	767,840	453,510	634,910

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

	Treated Water		Raw Water	
Acre Foot Conversion ($/AF)	Inside City	Outside City	Inside City	Outside City
Inside the Combined Service Area	$ 11,820	$ 16,550	$ 8,440	$ 11,820
Outside the Combined Service Area	n/a	20,990	n/a	14,980

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.

	2010	2009[1]	2008	2007	2006	2005	2004	2003	2002	2001
City of Denver - Schedule 1										
Residential - Consumption Charge per 1,000 Gallons										
First 11,000 Gallons	**$ 2.11**	$ 1.91	-	-	-	-	-	-	-	-
12,000 - 30,000 Gallons	**4.22**	3.82	-	-	-	-	-	-	-	-
31,000 - 40,000 Gallons	**6.33**	5.73	-	-	-	-	-	-	-	-
Over 40,000 Gallons	**8.44**	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
22,000 - 60,000 Gallons	**-**	-	3.62	3.44	2.21	2.05	1.96	1.90	1.84	1.78
Over 60,000 Gallons	**-**	-	-	-	-	2.57	2.45	2.37	2.30	2.22
60,000 - 80,000 Gallons	**-**	-	5.43	5.16	2.76	-	-	-	-	-
Over 80,000 Gallons	**-**	-	7.24	6.88	3.59	-	-	-	-	-
Residential Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**1.00**	0.92	0.89	0.94	-	-	-	-	-	-
Summer - All Consumption	**4.00**	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]	**2.33**	2.17	-	-	-	-	-	-	-	-
Over 15,000 Gallons	**2.80**	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
Over 30,000 Gallons	**-**	-	2.52	2.34	1.91	1.82	1.73	1.67	1.61	1.57
All Other Retail - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**1.54**	1.48	2.06	1.89	1.64	1.53	1.41	1.36	1.32	1.28
Summer - All Consumption	**3.08**	2.96	2.47	2.27	1.97	1.84	1.69	1.63	1.58	1.54
Other Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**1.00**	1.49	2.02	-	-	-	-	-	-	-
Summer - All Consumption	**4.00**	3.17	2.50	-	-	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	**5.58**	4.41	3.82	3.87	-	-	3.41	3.09	3.09	3.16
Bimonthly Service Charge	**-**	-	6.07	5.98	-	-	4.91	4.43	4.43	4.50
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	**$ 2.20**	$ 2.00	-	-	-	-	-	-	-	-
12,000 - 30,000 Gallons	**4.40**	4.00	-	-	-	-	-	-	-	-
31,000 - 40,000 Gallons	**6.60**	6.00	-	-	-	-	-	-	-	-
Over 40,000 Gallons	**8.80**	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
22,000 - 60,000 Gallons	**-**	-	3.80	4.22	2.98	2.74	2.50	2.36	2.28	2.18
Over 60,000 Gallons	**-**	-	-	-	-	3.42	3.12	2.96	2.85	2.73
60,000 - 80,000 Gallons	**-**	-	5.70	6.33	3.72	-	-	-	-	-
Over 80,000 Gallons	**-**	-	7.60	8.44	4.84	-	-	-	-	-
Residential Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**1.09**	1.08	0.98	0.92	-	-	-	-	-	-
Summer - All Consumption	**3.98**	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]	**2.71**	2.57	-	-	-	-	-	-	-	-
Over 15,000 Gallons	**3.25**	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
Over 30,000 Gallons	**-**	-	2.72	2.56	2.52	2.38	2.27	2.20	2.12	2.12

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

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

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

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	2010	2009[1]	2008	2007	2006	2005	2004	2003	2002	2001
Outside City Read and Bill - Schedule 2 (Continued)										
All Other Retail - Consumption Charge per 1000 Gallons										
Winter - All Consumption	**$ 1.99**	$ 1.99	$ 2.50	$ 2.42	$ 2.23	$ 2.00	$ 1.84	$ 1.70	$ 1.65	$ 1.61
Summer - All Consumption	**3.98**	3.98	3.00	2.90	2.68	2.40	2.21	2.04	1.98	1.93
Other Irrigation - Consumption Charge per 1000 Gallons										
Winter - All Consumption	**1.09**	1.78	2.35	-	-	-	-	-	-	-
Summer - All Consumption	**4.36**	3.94	3.08	-	-	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	**5.58**	4.41	3.82	3.87	-	-	3.41	3.09	3.09	3.16
Bimonthly Service Charge	**-**	-	6.07	5.98	-	-	4.91	4.43	4.43	4.50
Monthly 3/4" Meter Charge	**-**	-	-	-	5.47	4.26	-	-	-	-
Bimonthly 3/4" Meter Charge	**-**	-	-	-	9.15	8.51	-	-	-	-
Outside City Total Service - Schedule 3										
Residential - Consumption Charge per 1000 Gallons										
First 11,000 Gallons	**$ 2.59**	$ 2.43	-	-	-	-	-	-	-	-
12,000 - 30,000 Gallons	**5.18**	4.86	-	-	-	-	-	-	-	-
31,000 - 40,000 Gallons	**7.77**	7.29	-	-	-	-	-	-	-	-
Over 40,000 Gallons	**10.36**	9.72	-	-	-	-	-	-	-	-
Prior to July 6, 2009										
First 22,000 Gallons	**-**	-	$ 2.27	$ 2.22	$ 2.92	$ 2.76	$ 2.54	$ 2.41	$ 2.33	$ 2.26
22,000 - 60,000 Gallons	**-**	-	4.54	4.44	3.50	3.31	3.05	2.89	2.80	2.71
Over 60,000 Gallons	**-**	-	-	-	-	4.14	3.81	3.62	3.50	3.39
60,000 - 80,000 Gallons	**-**	-	6.81	6.66	4.38	-	-	-	-	-
Over 80,000 Gallons	**-**	-	9.08	8.88	5.69	-	-	-	-	-
Residential Irrigation - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**1.26**	1.24	1.09	1.09	-	-	-	-	-	-
Summer - All Consumption	**5.04**	4.96	4.36	4.36	-	-	-	-	-	-
Small Multi-Family - Consumption Charge per 1000 Gallons										
(Duplexes through Five-Plexes with a Single Meter)										
First 15,000 Gallons[2]	**3.39**	3.31	-	-	-	-	-	-	-	-
Over 15,000 Gallons	**4.07**	3.97	-	-	-	-	-	-	-	-
Prior to July 6, 2009										
First 30,000 Gallons[3]	**-**	-	2.97	2.77	2.58	2.25	2.14	2.14	2.06	2.01
Over 30,000 Gallons	**-**	-	3.56	3.32	3.10	2.70	2.57	2.57	2.47	2.41
All Other Retail - Consumption Charge per 1000 Gallons										
Winter - All Consumption	**2.16**	2.16	2.98	2.89	2.41	2.14	1.98	1.96	1.89	1.88
Summer - All Consumption	**4.32**	4.32	3.58	3.47	2.89	2.57	2.38	2.35	2.27	2.26
Other Irrigation - Consumption Charge per 1000 Gallons										
Winter - All Consumption	**1.26**	2.02	2.78	-	-	-	-	-	-	-
Summer - All Consumption	**5.04**	4.33	3.61	-	-	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	**5.58**	4.41	3.82	3.87	-	-	3.41	3.09	3.09	3.16
Bimonthly Service Charge	**-**	-	6.07	5.98	-	-	4.91	4.43	4.43	4.50
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**	$ 3.01	$ 2.67	$ 2.55	$ 2.36	$ 2.20	$ 2.00	$ 1.89	$ 1.83	$ 1.81
Service Charge/Meter Charge										
Monthly Service Charge	**5.58**	4.41	3.82	3.87	-	-	3.41	3.09	3.09	3.16
Bimonthly Service Charge	**-**	-	6.07	5.98	-	-	4.91	4.43	4.43	4.50
Monthly 3/4" Meter Charge	**-**	-	-	-	5.47	4.26	-	-	-	-
Bimonthly 3/4" Meter Charge	**-**	-	-	-	9.15	8.51	-	-	-	-

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

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

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

(Continued next page)

	2010	2009[1]	2008	2007	2006	2005	2004	2003	2002	2001
Outside City Master Meter Maintenance - Schedule 5										
Consumption Charge per 1000 Gallons - All Consumption	**$ 4.45**	$ 4.31	$ 3.93	$ 3.72	$ 3.43	$ 3.15	$ 2.77	$ 2.56	$ 2.47	-
Service Charge/Meter Charge										
Monthly Service Charge	**5.58**	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										
Raw - Consumption Charge per 1000 Gallons										
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	**0.77**	0.73	0.67	0.67	0.62	0.58	0.53	0.49	0.49	0.49
Outside Combined Service Area - All Consumption	**0.90**	0.85	0.76	0.76	0.71	-	-	-	-	-
Recycled - Consumption Charge per 1000 Gallons										
Inside City Recycled - All Consumption	**0.89**	0.89	0.88	0.86	0.69	0.69	0.63	-	-	-
Outside City Recycled - All Consumption	**-**	-	-	-	-	-	-	-	-	-
Outside Combined Service Area - All Consumption	**0.91**	0.90	0.76	0.77	0.71	0.83	0.76	-	-	-
Recycled Service Meter Charge										
Monthly Service Charge	**5.58**	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	**$ 3.36**	$ 3.19	$ 3.13	$ 2.68	$ 2.54	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	**5.58**	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	-	-	-	-	-

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

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SALES OF TREATED WATER FOR RESALE - 2010
(NON-ACCRUAL BASIS)[1]

Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters[2]

	Revenue	Gallons Sold (000)	Number of Taps[3]
OUTSIDE CITY - MASTER METER DISTRIBUTORS			
Alameda Water & Sanitation District	$ 264,223	87,696	336
Bancroft-Clover Water & Sanitation District	5,037,337	1,673,178	8,729
Bonvue Water & Sanitation District	42,921	14,238	169
Bow-Mar Water & Sanitation District	310,073	102,907	290
Cherry Creek Valley Water & Sanitation District	2,490,946	826,333	1,933
Cherry Creek Village Water & Sanitation District	437,151	145,190	473
Consolidated Mutual Water Company	7,918,557	2,630,063	15,661
Crestview Water & Sanitation District	1,726,408	573,493	4,528
City of Edgewater	612,914	203,497	1,484
City of Glendale	778,214	258,500	240
Green Mountain Water & Sanitation District	5,244,048	1,742,037	10,095
High View Water District	428,640	142,384	892
Ken-Caryl Water & Sanitation District	2,583,877	864,666	3,699
Lakehurst Water & Sanitation District	2,939,004	976,027	5,498
City of Lakewood	674,180	223,937	738
Meadowbrook Water & Sanitation District	527,252	175,081	1,268
North Pecos Water & Sanitation District	403,088	133,852	407
North Washington Street Water & Sanitation District	2,366,391	786,026	3,626
Northgate Water District	19,190	6,354	4
South Adams County Water & Sanitation District	256,595	85,183	166
Valley Water District	1,621,779	538,711	1,761
Wheat Ridge Water District	2,552,607	847,763	5,848
Willowbrook Water & Sanitation District	1,414,936	469,971	3,263
Willows Water District	2,546,047	845,691	4,732
Total Sales for Master Meter Distributors	43,196,378	14,352,778	75,840
OUTSIDE THE COMBINED SERVICE AREA			
City and County of Broomfield	4,852,883	1,612,146	
Chatfield South Water District	23,176	6,925	
East Cherry Creek Valley Water District	1,948,419	581,770	
Inverness Water District	295,513	94,735	
South Adams County Special Contract Area	2,432,078	725,768	
Total Sales for Other Contracts at Wholesale Rates	9,552,069	3,021,344	
Total Sales of Treated Water for Resale	$ 52,748,447	17,374,122	75,840

[1]This 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]Sales on Total Service or Read and Bill Contracts are not included.

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

10 LARGEST RETAIL CUSTOMERS - WATER CONSUMPTION AND REVENUE - 2010 (NON-ACCRUAL BASIS)

Account Type	Consumption: Gallons Sold (000)	Consumption: Percent of Total Gallons Sold	Revenue: Water Revenue[1]	Revenue: Percent of Total Water Revenue
Petroleum Company	551,205	0.82%	$ 1,681,443	0.77%
Public School System	495,420	0.74%	1,503,127	0.69%
Housing Authority	377,253	0.56%	1,061,826	0.48%
Public Utility	311,525	0.46%	760,076	0.35%
Parks System	213,816	0.32%	972,333	0.44%
Beverage Company	158,380	0.24%	375,668	0.17%
Private University	133,773	0.20%	367,084	0.17%
Retail Grocer	131,625	0.20%	334,034	0.15%
Public School System	122,972	0.18%	465,919	0.21%
Medical Center	122,576	0.18%	348,836	0.16%
Total of the 10 largest customers	2,618,545	3.90%	$ 7,870,347	3.59%
Total sales of treated water	67,137,047		$ 219,046,745	

[1]This 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 10 largest retail accounts listed, Denver Water provided 2,385 million gallons of treated water to the City and County of Denver. Revenues from these sales were $5.2 million.

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION RECEIPTS: 1973 - 2010

(Cash basis - net of refunds[1])

	System Development Charges ("SDC")	Participation Receipts (aka Contributions in Aid of Construction)
2010	$ 14,441,478	$ 1,092,934
2009	8,118,209	10,908,407
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	149,473,600	43,647,100
	$ 598,639,003	$143,134,654

[1]Numbers on this schedule include prepaid SDC and Participation receipts and may not agree with numbers on the statements of cash flows.

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: 2001 - 2010

(amounts expressed in thousands, except debt per capita)

	Total Principal Balance Outstanding Debt by Type[1]								
			Capital Leases						
Year	General Obligation Bonds	Water Revenue Bonds	Certificates of Participation	Other	Total	Gross Revenues[2,4,5]	Ratio of Total Debt to Gross Revenue[4,5]	Estimated Population Served[3]	Debt Per Capita
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	242,085	1.40	1,124,000	302
2007	61,545	280,080	39,515	25,061	406,201	238,689	1.70	1,143,000	355
2008	42,725	277,490	33,805	23,731	377,751	248,074	1.52	1,154,000	327
2009	31,170	309,025	27,835	22,308	390,338	215,597	1.81	1,173,000	333
2010	28,090	377,665	21,630	20,790	448,175	255,492	1.75	1,174,000	382

[1]Details 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 statements of net assets or the statistical summary. All bonded debt is secured by revenue.

[2]Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus cash proceeds from contributions in aid of construction and system development charges.

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

[4]In 2009 the interest subsidy for Build America Bonds in the amount of $463,000 was netted against debt expense. In 2010 the subsidy is included as other income in conformance with GASB guidance received in 2010.

[5]Gross revenue for the years 2006-2009 has been changed to reflect corrections to cash proceeds from contributions in aid of construction.

PLEDGED-REVENUE COVERAGE: 2001 - 2010

General Obligation Bonds, Water Revenue Bonds, and Obligations under Capital Lease[1]
(amounts expressed in thousands)

Year	Gross Revenues [2,4,5,6]	Less Operating Expenses [3,5]	Net Available Revenue	Total Debt Service[1] Principal	Interest	Total	Coverage
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	242,085	114,236	127,849	27,765	17,777	45,542	2.81
2007	238,689	124,170	114,519	32,055	19,683	51,738	2.21
2008	248,074	138,402	109,672	30,250	19,324	49,574	2.21
2009	215,597	155,127	60,470	31,413	18,741	50,154	1.21
2010	255,492	168,501	86,991	32,164	19,065	51,229	1.70

[1]Details 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.

[2]Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus cash proceeds from contributions in aid of construction and system development charges.

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

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

[5]In 2009 the interest subsidy for Build America Bonds in the amount of $463,000 was netted against debt expense. In 2010 the subsidy is included as other income in conformance with GASB guidance received in 2010.

[6]Gross revenue for the years 2006-2009 has been changed to reflect corrections to cash proceeds from contributions in in aid of construction.

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 2001 - 2010
(amounts expressed in thousands, except debt per capita)

Year	General Obligation Bonds[1]	Gross Revenues[2,4,5]	Ratio of General Obligation Debt to Gross Revenue	Estimated Population Served[3]	General Obligation Debt per Capita
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	242,085	0.36	1,124,000	77
2007	61,545	238,689	0.26	1,143,000	54
2008	42,725	248,074	0.17	1,154,000	37
2009	31,170	215,597	0.14	1,173,000	27
2010	28,090	255,492	0.11	1,174,000	24

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

[2] Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus cash proceeds from contributions in aid of construction and system development charges.

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

[4] In 2009 the interest subsidy for Build America Bonds in the amount of $463,000 was netted against debt expense. In 2010 the subsidy is included as other income in conformance with GASB guidance received in 2010.

[5] Gross revenue for the years 2006-2009 has been changed to reflect corrections to cash proceeds from contributions in aid of construction.

RATIOS OF WATER REVENUE BONDED DEBT OUTSTANDING: 2003 - 2010
(amounts expressed in thousands, except debt per capita)

Year	Water Revenue Bonds[1]	Gross Revenues[2,4,5]	Ratio of Water Revenue Debt to Gross Revenue	Estimated Population Served[3]	Water Revenue Debt per Capita
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	242,085	0.76	1,124,000	163
2007	280,080	238,689	1.17	1,143,000	245
2008	277,490	248,074	1.12	1,154,000	240
2009	309,025	215,597	1.43	1,173,000	263
2010	377,665	255,492	1.48	1,174,000	322

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

[2] Gross Revenues are defined as operating revenues plus investment income plus proceeds from sales of capital assets plus other income plus cash proceeds from contributions in aid of construction and system development charges.

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

[4] In 2009 the interest subsidy for Build America Bonds in the amount of $463,000 was netted against debt expense. In 2010 the subsidy is included as other income in conformance with GASB guidance received in 2010.

[5] Gross revenue for the years 2006-2009 has been changed to reflect corrections to cash from contributions in aid of construction.

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 - 2010

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 vicinity. The statistics presented below have been obtained from the sources indicated and represent the most current information available from such sources. However, certain of the 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.

Population

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

Population Estimates

Year[1]	Denver	Denver-Aurora-Broomfield MSA	State of Colorado
2000	554,636	2,158,549	4,301,261
2001	566,198	2,250,764	4,456,263
2002	564,285	2,284,705	4,526,039
2003	567,886	2,316,859	4,586,239
2004	570,100	2,352,109	4,650,126
2005	571,682	2,383,413	4,714,371
2006	577,515	2,430,877	4,808,146
2007	587,698	2,479,248	4,895,652
2008	601,980	2,530,429	4,987,672
2009	618,650	2,581,352	5,074,528
2010[2]	600,158	2,546,101	5,029,196

[1] Population figures for 2000 and 2010 are U.S. Census figures as of April 1, and population figures for 2001-2009 are Colorado Department of Local Affairs, Division of Local Government estimates as of July 1.

[2] Preliminary 2010 Census data.

Sources: Colorado Department of Local Affairs, Division of Local Government, State Demography Office; and 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)

Age Groups	Percent of Population			
	Denver	Denver-Aurora-Broomfield MSA	State of Colorado	United States
Under 18	25.8%	25.5%	24.5%	24.3%
18-24	9.3	10.0	10.8	9.9
25-44	31.4	28.4	27.8	27.1
45-64	25.3	26.8	26.8	25.9
65+	10.1	9.4	10.2	12.9

Sources: Colorado Department of Local Affairs, Division of Local Government, State Demography Office; and U.S. Census Bureau

Income

The following tables set forth recent annual personal income and per capita personal income levels for Denver, the Denver-Aurora-Broomfield MSA, the State and the United States from 1999 through 2010 as reported by the U.S. Department of Commerce, Bureau of Economic Analysis.

Personal Income
(Current dollars, not adjusted for inflation. Amounts expressed in thousands. NA = Not Available)[1]

Year	Denver	Denver-Aurora-Broomfield MSA	State of Colorado	United States
1999	$19,418,669	$ 73,370,243	$130,662,556	$ 7,906,131,000
2000	22,007,917	83,373,219	147,055,760	8,554,866,000
2001	23,469,008	89,052,883	156,468,140	8,878,830,000
2002	23,834,125	90,193,033	157,751,910	9,054,702,000
2003	23,932,774	91,153,643	159,917,882	9,369,072,000
2004	25,030,654	95,852,674	168,586,778	9,928,790,000
2005	26,593,016	101,789,447	179,695,454	10,476,669,000
2006	29,535,086	110,889,787	194,389,681	11,256,516,000
2007	30,311,254	116,353,657	205,242,380	11,900,562,000
2008	31,307,686	120,044,419	214,976,720	12,380,225,000
2009	NA	NA	210,512,969	12,168,161,000
2010[2]	NA	NA	215,258,570	12,530,101,184

[1] Denver and Denver-Aurora-Broomfield MSA personal income estimates are as of April 2010. State personal income estimates were revised March 23, 2011, to reflect the results of the annual revision to the national income and product accounts released in July 2010 and to incorporate newly available state level source data. The Bureau of Economic Analysis plans to release revised state personal income estimates for 2008-2010 in September of 2011.

[2] Preliminary data from the 2010 decennial census.

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

Per Capita Personal Income
(Current dollars, not adjusted for inflation. NA = Not Available)

Year	Denver[1]	Denver-Aurora-Broomfield MSA[1]	State of Colorado[2]	United States[2]
1999	$35,381	$34,632	$30,919	$28,333
2000	39,576	38,382	33,977	30,318
2001	41,581	40,043	35,296	31,145
2002	42,480	39,624	35,023	31,461
2003	42,863	39,676	35,156	32,271
2004	44,817	41,285	36,652	33,881
2005	47,376	43,250	38,555	35,424
2006	51,935	46,211	40,898	37,698
2007	52,370	47,501	42,367	39,458
2008	52,788	48,010	43,509	40,673
2009	NA	NA	41,839	39,626
2010[3]	NA	NA	42,802	40,584

[1] Denver and Denver-Aurora-Broomfield MSA per capita personal income estimates are as of April 2010.

[2] Colorado and U.S. per capita personal income estimates for 2001-2009 are as of September 2010, and for 1999, 2000 and 2010 are as of March 2011. State personal income estimates were revised March 23, 2011, to reflect the results of the annual revision to the national income and product accounts released in July 2010 and to incorporate newly available state-level source data. The per capita personal income estimates for 2010 were calculated using the April 1, 2010, decennial census population counts that were released by the Census Bureau on December 21, 2010. Revised estimates of per capita personal income for 2001-2009 have not been released at this time because intercensal state population estimates consistent with the 2000 and 2010 decennial census counts are not currently available. The Bureau of Economic Analysis plans to release revised state personal income estimates for 2008-2010, and estimates of state per capita income, for 2001-2010 in September of 2011.

[3] Preliminary data from the 2010 decennial census.

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 8.9% as of February 2011.

Local Area Employment Statistics
(Annual averages, not seasonally adjusted.)

Denver

Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	Unemployment Rate
2006	309.9	--	14.8	4.8%
2007	318.8	2.9%	13.1	4.1
2008	325.8	2.2	17.4	5.4
2009	325.3	(0.2)	30.0	9.2
2010	322.1	(1.0)	31.3	9.7

Denver-Aurora-Broomfield MSA

Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	Unemployment Rate
2006	1,355.7	--	59.2	4.4%
2007	1,376.3	1.5%	52.2	3.8
2008	1,404.0	2.0	69.1	4.9
2009	1,395.4	(0.6)	118.5	8.5
2010	1,380.9	(1.0)	124.0	9.0

State of Colorado

Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	Unemployment Rate
2006	2,655.6	--	113.7	4.3%
2007	2,698.6	1.6	100.2	3.7
2008	2,737.3	1.4	131.7	4.8
2009	2,727.6	(0.4)	225.8	8.3
2010	2,687.4	(1.5)	239.7	8.9

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 and 2010 is not yet available.

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	159,994	161,286	163,379	166,093	173,564
Total	1,139,124	1,161,334	1,185,588	1,211,220	1,236,638

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.

Principal Employers in Denver
Current Year and Nine Years Ago

	2010			2001		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Denver Public School District #1	10,698	1	3.0%	9,991	2	2.6%
City and County of Denver	10,035	2	2.8%	12,028	1	3.1%
State of Colorado Central Payroll	9,503	3	2.7%	9,171	3	2.4%
Denver Health & Hospital Authority	5,512	4	1.6%	-	-	-
United Airlines, Inc.	4,204	5	1.2%	8,826	4	2.3%
U. S. D. A. National Finance Center	3,925	6	1.1%	5,024	6	1.3%
Qwest Corporation	3,524	7	1.0%	2,869	10	0.7%
HealthOne of Denver	3,477	8	1.0%	3,183	8	0.8%
University of Denver	3,448	9	1.0%	-	-	-
Frontier Airlines	3,445	10	1.0%	-	-	-
University of Colorado	-	-	-	6,572	5	1.7%
U.S. Postal Service	-	-	-	4,525	7	1.2%
Exempla, Inc.	-	-	-	3,541	9	0.9%
Total	57,771		16.4%	65,730		17.0%

Source: Based on 2010 and 2001 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. Annual data for 2010 is not yet available.

Retail Sales
(Sales in billions)

	Denver		Denver-Aurora Broomfield MSA		State of Colorado	
Year	Retail Sales	% Change	Retail Sales	% Change	Retail Sales	% Change
2005	$19.9	8.7%	$66.3	6.6%	$122.9	7.5%
2006	22.3	12.1	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
2009	22.9	(13.9)	72.1	(12.0)	134.1	(12.2)

Source: Colorado Department of Revenue

New Construction

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

	Denver				Denver Metropolitan Area			
Year	Single Family Detached	Single Family Attached[1]	Multi-Family[2]	Total	Single Family Detached	Single Family Attached[1]	Multi-Family[2]	Total
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	358	176	168	702	2,185	519	334	3,038
2010	535	213	425	1,173	3,104	666	965	4,735

[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

Year	1 Unit	2 Units	3 and 4 Units	5+ Units	Total
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
2010[1]	3,704	136	45	1,127	5,012

[1] Preliminary.

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)

Year	Permits	Value
2006	1,287	$143.4
2007	1,070	203.4
2008	917	258.6
2009	697	137.3
2010	856	122.8

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.

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
2006	5,162	--	3,178	--
2007	7,909	53.2%	5,079	59.8%
2008[1]	6,212	(21.5)	4,362	(14.1)
2009	6,141	(1.1)	3,108	(28.7)
2010	5,053	(17.7)	2,880	(7.3)

Denver-Aurora-Broomfield MSA

Year	Foreclosure Filings	% Change	Foreclosure Sales at Auction	% Change
2006	19,087	--	12,004	--
2007	26,700	39.9%	17,404	45.0%
2008[1]	25,471	(4.6)	14,417	(17.2)
2009	25,947	1.9	11,894	(17.5)
2010	22,764	(12.3)	12,882	(10.6)

State of Colorado

Year	Foreclosure Filings	% Change	Foreclosure Sales at Auction	% Change
2006	28,435	--	17,451	--
2007	39,920	40.4%	25,054	43.6%
2008[1]	39,333	(1.5)	21,306	(15.0)
2009	46,394	18.0	20,437	(4.1)
2010	42,692	(8.0)	23,891	16.9

[1] 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

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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 DIVISION[1]: 2001 - 2010

Division/Section	**2010**	2009	2008	2007	2006	2005	2004	2003	2002	2001
Manager & Staff Division[2]	**7.0**	7.0	15.0	15.0	14.0	14.0	14.0	13.0	13.0	13.0
Human Resources Division	**23.8**	22.8	20.0	19.0	24.8	27.8	27.8	27.8	27.0	25.0
Information Technology Division[3]	**68.5**	69.0	61.0	57.8	58.8	57.8	59.8	61.8	57.8	53.8
Public Affairs Division										
Director of Public Affairs[2]	**4.0**	4.0	8.0	7.0	6.0	7.0	7.0	7.0	7.0	7.0
Community Relations	**9.6**	9.6	6.0	5.4	4.2	4.2	4.0	5.2	4.7	4.7
Conservation	**17.0**	17.0	15.0	12.0	10.0	9.8	12.0	12.0	10.0	7.0
Print Shop[3]	**-**	-	-	-	-	-	-	-	3.0	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	**39.2**	41.2	43.0	39.2	37.0	35.0	36.0	35.0	28.0	25.5
CIS Business Support	**2.0**	5.0	-	-	-	-	-	-	-	-
Customer Services - Field	**70.0**	75.0	66.0	60.0	63.0	67.0	71.0	75.0	83.0	87.0
Meter Inspection Shop	**7.0**	5.0	8.0	7.0	5.0	-	-	-	-	-
Sales Administration	**20.8**	16.8	12.0	15.6	11.6	11.6	10.6	10.6	10.6	13.6
	172.6	176.6	161.0	149.2	139.8	137.6	143.6	147.8	149.3	151.8
Legal Division	**13.6**	14.6	12.0	13.8	13.3	12.3	13.5	12.5	13.5	13.5
Finance Division										
Director of Finance[2]	**1.0**	2.0	9.0	9.0	10.0	9.0	9.0	9.0	9.0	7.0
Finance Computer Support	**2.0**	2.0	-	-	-	-	-	-	-	-
Treasury Operations	**7.0**	8.0	7.0	7.0	7.0	6.0	5.0	5.0	5.0	5.0
Budget	**4.0**	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Purchasing	**5.0**	9.0	8.0	8.0	9.0	9.0	9.0	8.0	8.0	7.0
Accounting	**19.0**	19.0	19.0	18.0	17.0	18.0	19.0	19.0	19.0	19.0
Rate Administration	**3.0**	4.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Records & Document Administration	**9.0**	9.0	6.0	6.0	8.0	6.0	6.0	8.0	8.0	12.0
	50.0	58.0	56.0	54.0	57.0	54.0	54.0	55.0	55.0	56.0
Engineering Division										
Administration[2]	**6.0**	6.0	3.0	6.0	8.0	9.0	9.0	8.6	9.0	8.0
Programs & Projects	**57.0**	57.0	49.0	39.0	36.0	35.0	37.0	37.0	37.0	36.0
Survey	**26.0**	26.0	26.0	25.0	26.0	25.0	24.0	25.0	26.0	26.0
Distribution	**41.0**	40.0	41.0	39.0	37.0	38.0	38.0	37.0	39.0	39.0
Asset Recording	**7.0**	7.0	7.0	7.0	-	-	-	-	-	-
Construction Management	**24.0**	23.0	21.0	23.0	19.0	20.0	22.0	22.0	23.0	22.0
	161.0	159.0	147.0	139.0	126.0	127.0	130.0	129.6	134.0	131.0
Planning Division										
Director of Planning[2]	**3.0**	3.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Environmental Planning	**5.6**	5.6	5.0	4.6	5.6	5.6	5.6	4.6	4.6	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	11.0	10.8	10.7	10.8	10.8	10.8	10.8	10.0
Water Resource Planning	**2.0**	2.0	2.0	-	-	-	-	-	-	-
Demand Planning	**4.0**	4.0	4.0	4.0	4.0	4.0	3.0	4.0	4.0	4.0
Hydraulics	**8.0**	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
	46.6	46.6	45.0	41.4	42.3	42.4	41.4	42.4	42.4	41.4
Operations and Maintenance Division										
Plant Office[2]	**4.0**	4.0	3.0	3.0	3.0	4.0	4.0	4.0	5.0	5.0
Water Quality & Compliance	**33.0**	33.0	32.0	32.0	31.8	31.8	31.8	31.0	30.0	30.5
Safety and Loss Control	**14.0**	16.0	15.0	14.0	13.0	14.0	15.0	12.0	12.0	11.0
Source of Supply	**61.0**	60.0	60.0	53.0	56.0	59.0	56.0	59.0	60.0	61.0
Water Treatment	**89.0**	89.0	92.0	90.0	86.0	88.0	83.0	79.0	69.0	68.0
Transmission & Distribution	**157.0**	149.0	145.0	144.0	154.0	156.0	157.0	158.0	163.0	159.0
Treated Water Operations	**59.0**	57.5	57.0	54.0	55.0	57.0	57.0	59.0	58.0	59.0
Instrumentation & Ctrl Systems	**11.0**	12.0	11.0	11.0	6.0	7.0	19.0	21.0	20.0	18.0
Maintenance and Warehouse	**118.0**	121.0	123.0	120.0	124.0	123.0	131.0	129.0	127.0	129.0
	546.0	541.5	538.0	521.0	528.8	539.8	553.8	552.0	544.0	540.5
Total All Divisions	**1,089.1**	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]Number of employees includes regular and introductory employees. Temporary and project employees are not included.

[2]Information Technology transferred from Finance to Manager & Staff in 1998.

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

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

ADDITIONS TO CAPITAL ASSETS - 2010

(amounts expressed in thousands)

NEW FACILITIES

SOURCE OF SUPPLY		
Cheesman Reservoir	$ 19,352	
Williams Fork Power Plant	13,880	
South Platte Downstream Storage - Gravel Pits	5,084	
Water Rights	1,990	
Integrated Resource Planning (IRP) Project - Moffat Collection System	1,810	
Ralston Reservoir	1,475	
Channel Improvements	1,251	
Land Acquisitions	945	
Marston Reservoir	380	
Antero Reservoir	158	
Gross Power Plant	127	
Other Miscellaneous SOS	24	
Total Source of Supply		46,476
PUMPING PLANT		
Lonetree Pump Station	2,501	
Highlands Pump Station	1,300	
Lakeridge Pump Station	596	
Elizabeth Street Pump Station	399	
Recycle Distribution Pump Station	277	
Belleview Pump Station	95	
Capitol Hill Pump Station	12	
Other Miscellaneous Pump Station	2	
Total Pumping Plant		5,182
WATER TREATMENT		
Marston Treatment Plant	6,347	
Foothills Treatment Plant	76	
Moffat Treatment Plant	60	
Other Miscellaneous Treatment Plant	8	
Total Water Treatment		6,491
TRANSMISSION AND DISTRIBUTION		
Distribution Mains & Hydrants	5,309	
Recycled Water Conduits/Distribution System/Projects	2,642	
Treated Water Conduits	909	
Total Transmission and Distribution		8,860
GENERAL PLANT		
Westside	3	
Total General Plant		3
TOTAL NEW FACILITIES		67,012

ADDITIONS TO CAPITAL ASSETS - 2010

(amounts expressed in thousands)

FACILITY REPLACEMENTS AND IMPROVEMENTS		
SOURCE OF SUPPLY		
South Boulder Canal	$ 3,014	
Roberts Tunnel	1,112	
Antero Reservoir	488	
Dillon Reservoir	412	
Ralston Reservoir	373	
Harriman Land	198	
Conduit #20	171	
Moffat Tunnel	110	
11 Mile Reservoir	78	
Strontia Dam	74	
Last Chance Pump Station	65	
Miscellaneous SOS	55	
Hillcrest Hydro	36	
Conduit #26	34	
Roberts Tunnel Power Plant	32	
Platte Canyon Reservoir	11	
Williams Fork Reservoir	3	
Total Source of Supply		6,266
PUMPING PLANT		
Yale & Lamar Pump Station	1,077	
56th Avenue Pump Station	827	
Recycle Distribution Pump Station	380	
Broomfield Pump Station	356	
Kendrick Pump Station	124	
Belleview Pump Station	105	
Green Mountain Pump Station	79	
Clarkson Pump Station	37	
Other Miscellaneous Pump Station	26	
Highlands Pump Station	16	
Total Pumping Plant		3,027
WATER TREATMENT		
Foothills Treatment Plant	3,486	
Moffat Treatment Plant	991	
Marston Treatment Plant	766	
Recycle Treatment Plant	122	
Total Water Treatment		5,365
TRANSMISSION AND DISTRIBUTION		
Mains - Replace, Extend and Relocate	18,931	
Treated Water Conduits	6,675	
Einfeldt Decentralization	1,906	
Fire Hydrants - Replacements, Raise and Relocate	956	
Wynetka Decentralization	144	
Ashland Decentralization Station	31	
Recycled Conduits	10	
Total Transmission and Distribution		28,653
GENERAL PLANT		
Westside	821	
General Equipment	453	
Kassler Center	168	
Total General Plant		1,442
TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS		44,753
NON-UTILITY		
Highline Canal	124	
Deckers Complex	57	
TOTAL NON-UTILITY REPLACEMENTS AND IMPROVEMENTS		181
GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS		
Encoder Receiver Transmitter Devices (ERT)	5,793	
Capitalization Software & IT Projects	5,033	
Motor Vehicles & Heavy Equipment	3,044	
TOTAL GENERAL EQUIPMENT		13,870
TOTAL PROPERTY, PLANT & EQUIPMENT ADDITIONS		$125,816

CAPITAL ASSETS BY FUNCTION: 2001 - 2010
(amounts expressed in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
UTILITY PLANT IN SERVICE:										
Source of supply plant	**$ 601,640**	$ 577,785	$ 524,366	$ 490,413	$ 477,999	$ 458,168	$ 448,308	$ 419,350	$ 400,248	$ 391,499
Pumping plant	**103,259**	104,867	86,174	72,101	70,951	70,212	64,728	49,574	46,064	45,038
Water treatment plant	**380,166**	369,704	368,921	333,933	330,394	331,481	315,906	272,104	233,121	232,532
Transmission and distribution plant	**896,618**	862,572	830,307	774,953	747,966	726,563	696,718	652,700	605,581	585,059
General plant and equipment	**135,031**	131,128	116,207	111,993	113,928	103,899	100,246	99,278	91,114	88,926
Leasehold and other improvements	**84,311**	89,703	97,840	97,668	90,535	90,522	90,297	85,594	71,709	59,587
Land held for future use	**14,249**	14,257	14,249	14,321	14,050	14,050	14,050	14,062	14,063	14,073
Total utility plant in service	**2,215,274**	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
NONUTILITY PLANT IN SERVICE:										
Plant	**8,685**	8,738	8,830	8,795	8,802	8,949	9,127	8,927	7,549	7,636
General equipment	**27**	27	19	19	69	69	69	60	61	61
Idle plant	**-**	-	-	-	203	-	-	-	-	-
Total nonutility plant in service	**8,712**	8,765	8,849	8,814	9,074	9,018	9,196	8,987	7,610	7,697
UTILITY PLANT UNDER CAPITAL LEASE:										
Certificates of participation[1]	**70,453**	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	**113,434**	112,943	114,930	122,003	121,565	112,132	117,017	42,981	42,981	42,981
CONSTRUCTION IN PROGRESS	**110,483**	77,340	109,316	155,813	119,506	89,040	75,196	226,875	199,453	121,104
Gross capital assets	**2,447,903**	2,349,064	2,271,159	2,182,012	2,095,968	2,005,085	1,931,662	1,871,505	1,711,944	1,588,496
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	**(620,991)**	(589,060)	(566,158)	(534,410)	(506,095)	(475,601)	(447,132)	(421,590)	(392,303)	(368,291)
Net capital assets	**$ 1,826,912**	$ 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]Assets under Certificates of Participation capital lease were reclassified from Water Treatment Plant in 2004.

RECEIPTS AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON 2006 - 2010 AND 2011 BUDGET (CASH BASIS)
(amounts expressed in thousands)

	2011	2010		2009		2008		2007		2006	
	Budget	Budget	Actual	Budget[1]	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	$225,410	$194,012	$194,012	$198,311	$198,311	$226,160	$226,160	$149,198	$149,198	$159,276	$159,276
RECEIPTS FROM:											
Sale of water	246,079	223,305	225,493	212,028	188,293	207,219	204,232	189,814	194,225	164,333	195,054
Drought Surcharge	-	-	-	-	-	-	-	-	-	-	-
Nonoperating, interest & other	19,532	16,168	16,474	20,576	18,274	17,865	25,284	17,165	24,074	14,976	25,254
System development charges	8,000	8,000	11,283	8,000	9,013	22,981	19,138	27,843	26,214	25,654	22,389
Developer participation (new facilities) & Reimbursements & grants	4,863	4,863	10,940	11,605	10,938	3,717	5,197	7,672	3,315	7,683	4,321
	278,474	252,336	264,190	252,209	226,518	251,782	253,851	242,494	247,828	212,646	247,018
Sale of bonds		39,000	90,000	44,075	44,000	-	1,800	50,000	99,158	40,000	-
Total receipts	278,474	291,336	354,190	296,284	270,518	251,782	255,651	292,494	346,986	252,646	247,018
LESS EXPENDITURES FOR:											
Operations, maintenance & refunds	198,641	178,177	184,441	152,021	153,182	139,655	139,813	124,803	118,760	116,770	114,980
Debt service	46,374	50,525	51,234	51,933	50,800	49,495	49,604	54,392	53,909	47,398	46,264
	245,015	228,702	235,675	203,954	203,982	189,150	189,417	179,195	172,669	164,168	161,244
Capital improvements (new facilities)	46,344	52,818	51,105	43,235	32,568	44,932	41,813	61,012	58,793	50,400	59,246
System replacements	32,101	30,755	23,734	31,148	21,653	26,025	24,291	22,318	16,463	21,289	17,431
Equipment	8,642	10,552	7,177	20,954	14,927	16,687	16,693	15,732	7,749	13,853	7,083
	87,087	94,125	82,016	95,337	69,148	87,644	82,797	99,062	83,005	85,542	83,760
Indirects to capital	14,791	15,738	15,551	11,512	15,429	14,637	11,286	12,007	14,350	11,990	12,092
Total expenditures	346,893	338,565	333,242	310,803	288,559	291,431	283,500	290,264	270,024	261,700	257,096
Cash Balance Adjustment[2]			10,449		13,742						
ENDING CASH & INVESTMENTS	$156,991	$146,783	$225,409	$183,792	$194,012	$186,511	$198,311	$151,428	$226,160	$150,222	$149,198

GENERAL EXPLANATION OF VARIANCES:

[1]At the request of the Board of Water Commissioners, the 2009 Budget was revised to reflect reductions in operating costs and increased capital expenditures to include accelerating any projects that could have a positive economic impact.

[2]The 2009 cash budget adjustment is due to a timing difference between cash payments that were made in January 2010 but were accrued for in December 2009.

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 due to differences in valuation methods.

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Supply

2010 Facts

Raw water collected	302,883	Acre Feet
Percent of average yield-last 10 years	104%	
Percent from South Platte System	50%	
Percent from Moffat System	25%	
Percent from Roberts Tunnel System	25%	
Reservoir storage, January 1	614,044	Acre Feet
Percent of capacity	90.8%	
Reservoir storage, December 31	598,580	Acre Feet
Percent of capacity	88.5%	
Power generation (excluding power purchased)	62,814,395	KWH
Value of power generation (excluding power purchased)..	$4,659,166	

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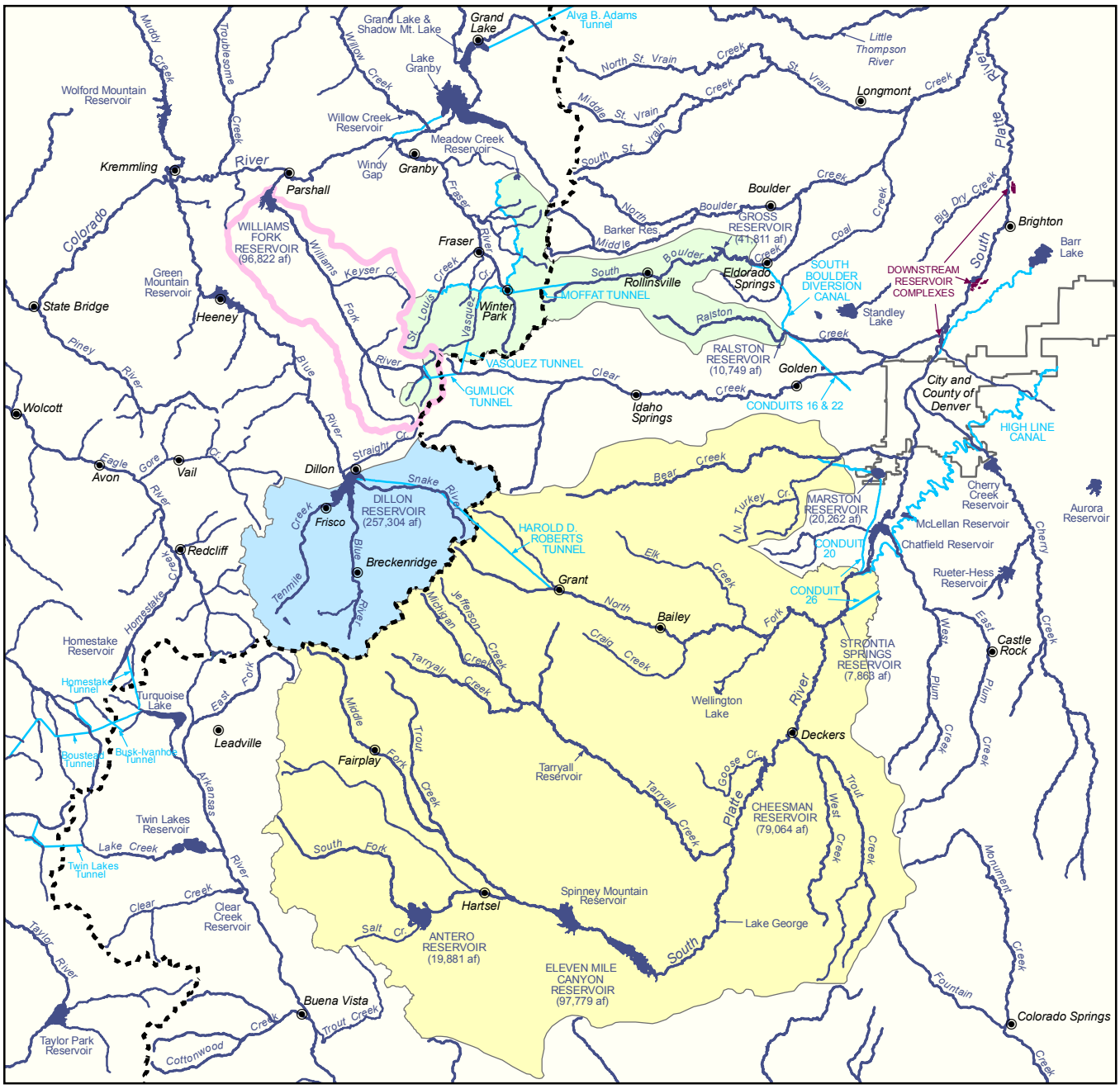
City and County of Denver
Board of Water Commissioners

Water Collection System



LEGEND

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

1:1,000,000
0 10 20 40
Miles
Scale number is accurate when printed at 8.5 x 11 inches in size.

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S

SOURCE OF SUPPLY - 2010

Reservoirs and Collection Systems

RAW WATER STORAGE	Capacity in Acre-Feet	Capacity in Million Gals.
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	520,778	169,696.0
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	41,105	13,394.1
TOTAL RAW WATER STORAGE	561,883	183,090.1
REPLACEMENT RESERVOIRS		
Williams Fork	96,822	31,549.5
Wolford Mountain (Board owns 40% of water)	25,610	8,345.0
Total Replacement Reservoirs	122,432	39,894.6

MOUNTAIN COLLECTION SYSTEM	Length in Feet	Length in Miles
Moffat Collection System:		
Concrete and Steel Pipe	97,049	18.4
Moffat Water Tunnel	32,383	6.1
Open Canals	15,443	2.9
Covered Canals	22,581	3.7
Other Tunnels	10,953	2.1
Total Moffat Collection System	178,409	33.2
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	54,180	10.3
Roberts Tunnel	122,953	23.3
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	53,650	10.1
TOTAL MOUNTAIN COLLECTION SYSTEM	409,192	76.9

Supply Mains and Wells

RAW WATER SUPPLY MAINS

	Size	Kind of Pipe	Capacity in MGD	Length in Feet	Length in Miles
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				28,870	5
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				5,170	1
Conduit 14:	48"	Concrete	32.0	3,410	0.6
Conduit 15:	60"	Reinforced Concrete Cyl		8,065	1.5
	60"	Steel		11,008	2.1
	72"	Reinforced Concrete Cyl		5,631	1.1
	72"	Steel		6,952	1.3
	84"	Concrete		637	0.1
Total Conduit 15			100.0	32,293	6.1
Conduit 16:	36"	Concrete		30	0.0
	42"	Concrete		29,866	5.7
	42"	Reinforced Concrete Cyl		15,506	2.9
	42"	Steel		30	0.0
	48"	Concrete		353	0.1
Total Conduit 16			62.0	45,785	8.7
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	64,164	12.2
Conduit 22:	54"	Concrete		45,342	8.6
	54"	Steel		168	0.0
Total Conduit 22			137.0	45,510	8.6
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	19,697	3.7
Conduit 157:	30"	Steel		27	0.0
	42"	Concrete		3,044	0.6
	42"	Steel		461	0.1
	48"	Concrete		138	0.0
Total Conduit 157				3,670	0.7
Conduit 160:	36"	Steel		325	0.1
TOTAL RAW WATER SUPPLY MAINS				248,894	47.1

INFILTRATION GALLERIES & WELLS

	Capacity in MGD
Cherry Creek Wells:	
Well O	1.2
Farnell Lane Well Field	-[2]

[1]Less than 0.1 mile.

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

POWER GENERATION, PURCHASE, DISTRIBUTION, AND BANKING

POWER GENERATION AND PURCHASE	Kilowatt Hours	Value[2]
Net Power Generation:[1]		
Dillon	6,888,116	$ 418,274
Foothills	12,078,331	901,796
Gross	15,336,036	1,330,020
Hillcrest	9,565,500	630,272
Roberts Tunnel	10,937,413	978,179
Strontia Springs	7,476,199	372,919
Williams Fork	532,800	27,706
Total Power Generation	62,814,395	4,659,166
Power Purchased for Department of Energy (DOE) power interference	6,819,733	299,510
TOTAL POWER GENERATION AND PURCHASE	69,634,128	4,958,676
POWER DISTRIBUTION		
Internal Power Consumption:[1]		
Foothills	5,837,513	435,842
Hillcrest	2,135,331	140,697
Total Internal Power Consumption	7,972,844	576,539
Power Deliveries:		
To Xcel Energy:		
Dillon	6,888,116	418,274
Foothills	6,240,818	465,954
Gross	15,336,036	1,330,020
Hillcrest	7,430,169	489,575
Roberts Tunnel	10,937,413	978,179
Strontia Springs	7,476,199	372,919
	54,308,751	4,054,921
To Tri-State Generation and Transmission Association:		
Williams Fork	532,800	27,706
Total Power Deliveries to Xcel and Tri-State	54,841,551	4,082,627
Total Power Generation	62,814,395	4,659,166
To DOE for Power Interference:		
Williams Fork	-	-
Purchased Power	6,819,733	299,510
Total Power Deliveries to DOE	6,819,733	299,510
TOTAL POWER DISTRIBUTION	69,634,128	4,958,676
DOE BANKED POWER INTERFERENCE ACCOUNT[3]		
Balance, Beginning of Year	45,837,465	1,375,124
Net Interference	(11,448,696)	(343,461)
Total Allocation	6,819,733	204,592
Balance, End of Year	41,208,502	$ 1,236,255

[1]Net 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.

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

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

POWER VALUE, COST, AND RETURN ON INVESTMENT

	Power Plant							
	Dillon	Foothills	Gross	Hillcrest	Roberts Tunnel	Strontia Springs	Williams Fork	Total
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	$418,274	$465,954	$1,330,020	$489,575	$978,179	$372,919	-	$4,054,921
Foothills Internal Consumption	-	435,842	-	-	-	-	-	$435,842
Hillcrest Intenal Consumption	-	-	-	140,697	-	-	-	$140,697
Delivered to Tri-State	-	-	-	-	-	-	27,706	27,706
TOTAL VALUE	418,274	901,796	1,330,020	630,272	978,179	372,919	27,706	4,659,166
COST OF POWER GENERATION								
Transmission Wheeling	-	18,191	-	-	29,757	-	-	47,948
Operation and Maintenance	95,523	129,988	43,593	61,539	169,059	123,307	65,080	688,089
Administrative Expense	24,981	43,868	14,542	20,064	38,973	37,004	17,774	197,206
Depreciation	90,928	74,026	281,053	128,126	127,095	42,178	125,127	868,533
TOTAL COST	211,432	266,073	339,188	209,729	364,884	202,489	207,981	1,801,776
Net Return (Loss)	$206,842	$635,723	$990,832	$420,543	$613,295	$170,430	($180,275)	$2,857,390
Plant Investment (Before Depreciation)	$4,466,696	$2,936,645	$21,081,035	$6,309,868	$6,007,230	$1,733,652	$4,054,234	$46,589,360
Return on Investment	5%	22%	5%	7%	10%	10%	(4)%	6%

[1]Values 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: 2001 - 2010

Values in acre-feet

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
SUPPLY										
South Platte System:										
South Platte Direct Rights	**94,795**	84,365	67,152	103,166	63,190	73,934	62,054	62,319	34,238	67,216
South Platte Storage Rights	**31,347**	39,402	31,786	40,192	15,812	59,502	26,738	43,562	4,686	43,142
Bear Creek Rights	**1,222**	1,178	1,862	1,930	1,234	2,302	4,100	15,062	901	1,844
Total South Platte System	**127,364**	124,945	100,800	145,288	80,236	135,738	92,892	120,943	39,825	112,202
Blue River/Roberts Tunnel System	**74,674**	58,468	80,056	65,682	127,074	94,470	75,984	164,294	56,848	102,282
Effluent Exchange[1]	**24,527**	13,846	21,455	23,266	33,632	19,012	27,086	24,039	19,031	17,724
Moffat System:										
Fraser Collection System	**27,240**	37,640	58,490	34,090	65,034	48,190	43,408	65,458	21,678	51,288
Williams Fork Collection System	**28,362**	31,138	26,268	34,608	41,970	52,478	41,154	94,912	14,906	50,772
Cabin-Meadow Creek System	**1,452**	4,668	3,794	5,866	6,574	4,424	5,074	5,020	3,582	5,716
South Boulder Creek	**15,178**	4,816	0	7,708	-	4,388	-	6,814	-	2,810
Ralston Creek	**4,086**	1,374	290	2,792	-	3,054	498	1,054	-	132
Total Moffat System	**76,318**	79,636	88,842	85,064	113,578	112,534	90,134	173,258	40,166	110,718
Total Water Supply	**302,883**	276,895	291,153	319,300	354,520	361,754	286,096	482,534	155,870	342,926
USE										
Foothills Filters	**142,811**	117,784	117,973	141,468	135,774	124,411	118,945	120,069	158,720	141,775
Marston Filters	**40,489**	31,853	56,498	43,303	34,633	30,008	25,097	38,434	54,829	59,612
Moffat Filters	**30,642**	40,910	46,438	31,507	58,907	55,802	41,864	42,149	17,642	47,480
Total Water Filtered	**213,942**	190,547	220,909	216,278	229,314	210,221	185,906	200,652	231,192	248,866
Change in Clear Water Storage	**(55)**	52	(23)	17	8	(83)	3	52	(346)	(128)
Total Treated Water Delivered[2]	**213,887**	190,599	220,886	216,295	229,323	210,138	185,909	200,704	230,845	248,738
Raw Water Deliveries	**24,641**	25,717	30,079	26,830	43,061	32,726	38,535	43,136	44,454	29,040
Other Uses[3]	**79,819**	58,632	39,620	61,234	63,356	37,638	66,181	38,680	106,982	66,240
Evaporation Losses[4]	-	-	-	-	-	-	-	8,804	8,242	8,310
Total Water Use	**318,347**	274,948	290,585	304,359	335,739	280,502	290,625	291,324	390,523	352,328
STORAGE[5]										
Total Reservoir Storage, December 31	**598,580**	614,044	612,097	611,529	596,588	577,807	496,555	501,084	309,874	544,527
Total Reservoir Storage, January 1	**614,044**	612,097	611,529	596,588	577,807	496,555	501,084	309,874	544,527	553,929
Storage Gain or (Loss)	**(15,464)**	1,947	568	14,941	18,781	81,252	(4,529)	191,210	(234,653)	(9,402)

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

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

[3]Other 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.

[4]Evaporation losses included in Other Uses beginning in 2004.

[5]Reservoirs used to compute total storage changed in 2002. 1998-2001 data were adjusted for this change.

Pumping

2010 Facts

Treated Water pumped - Current year	41,611.3	MG[1]
Treated Water pumped - Last year	38,198.9	MG[1]
Percentage increase (decrease) from last year	9%	
Number of treated water pump stations	18	
Maximum pumping capacity	1,095.9	MGD[2]
Pumping energy costs (Treated Water) - Current year	$2,515,225	
Pumping energy costs (Treated Water) - Last year	$2,414,444	
Percentage increase from last year	4%	

[1]Million Gallons

[2]Million Gallons per Day

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PUMPING STATION CAPACITIES - 2010

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

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]	
BELLEVIEW (5,714)	4	Goulds	Ideal Electric	900	260	15.0	M	R
(High Pressure)	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
				2,800		45.0		
BELLEVIEW (5,714)	1	Goulds	General Electric	250	175	6.0	M	R
(Low Pressure)	2	Goulds	General Electric	400	175	10.0	M	R
				650		16.0		
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
				1,700		21.5		
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
				3,300		92.0		
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
				150		6.2		
CHATFIELD (5,717)	1	ITT	US Motor	200	150	5.0	M	R
(Low Pressure)	2	ITT	US Motor	200	150	5.0	M	R
	3	ITT	US Motor	200	150	5.0	M	R
				600		15.0		
CHATFIELD (5,717)	5	ITT	US Motor	400	320	5.0	M	R
(High Pressure)	6	ITT	US Motor	400	320	5.0	M	R
				800		10.0		
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
				6,000		120.0		
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
				900		12.6		
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
				3,600		94.3		

[1]M=Manual, R=Remote, L=Local

[2]Vault Type Structure (underground)

(Continued next page)

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

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]	
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
				8,000		120.0		
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
				2,100		30.0		
HIGHLANDS (5,704)	1	Fairbanks Morse	General Electric	125	165	3.0	M	R
(Low Pressure)	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
				1,550		42.0		
HIGHLANDS (5,704)	1	Gould	General Electric	900	260	15.0	M	R
(High Pressure)	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
				2,700		60.0		
HILLCREST (5,602)	1	Allis Chalmers	Allis Chalmers	50	169	1.0	M	R
(Low Pressure)	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
				1,950		52.0		
HILLCREST (5,602)	8	American Marsh	Westinghouse	75	320	0.8	M	R
(High Pressure)	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
				4,425		56.6		
KENDRICK (5,607)	1	Peerless	US Motor	300	120	10.6	M	R
(Low Pressure)	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
				800		27.2		

[1]M=Manual, R=Remote, L=Local

(Continued next page)

PUMPING STATION CAPACITIES - 2010

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

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
KENDRICK (5,607)	7	Worthington	Electric Machinery	800	260	10.0	M R
(High Pressure)	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
				3,400		45.0	
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
				235		8.2	
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
				275		7.8	
LONE TREE (5,904)	3	Gould	Siemens & Allis	300	127	10.0	M R
(Low Pressure)	4	Gould	Siemens & Allis	150	127	5.0	M R
	5	Gould	Siemens & Allis	150	127	5.0	M R
				600		20.0	
LONE TREE (5,904)	6	Gould	Siemens & Allis	300	227	5.0	M R
(High Pressure)	7	Gould	Siemens & Allis	600	227	10.0	M R
	8	Gould	Siemens & Allis	600	227	10.0	M R
				1,500		25.0	
MARSTON (5,485)	1	Worthington	Waukesha[3]	700	166	20.0	M R
(Low Pressure)	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
				3,500		100.0	
MARSTON (5,485)	8	Patterson	Waukesha[3]	400	260	6.5	M R
(High Pressure)	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
				2,700		44.5	
SIXTY-FOURTH AVENUE (5,427)	3	Fairbanks Morse	United States	100	90	5.0	M R
(Low Pressure)	6	Fairbanks Morse	United States	200	90	10.0	M R
				300		15.0	
SIXTY-FOURTH AVENUE (5,427) (High Pressure)	1	Fairbanks Morse	United States	400	170	10.0	M R
			Grand Total	54,935		1,095.9	

Note: City Datum = 5,172.91

[1]M=Manual, R=Remote, L=Local

[2]Vault Type Structure (underground)

[3]Natural Gas Engine

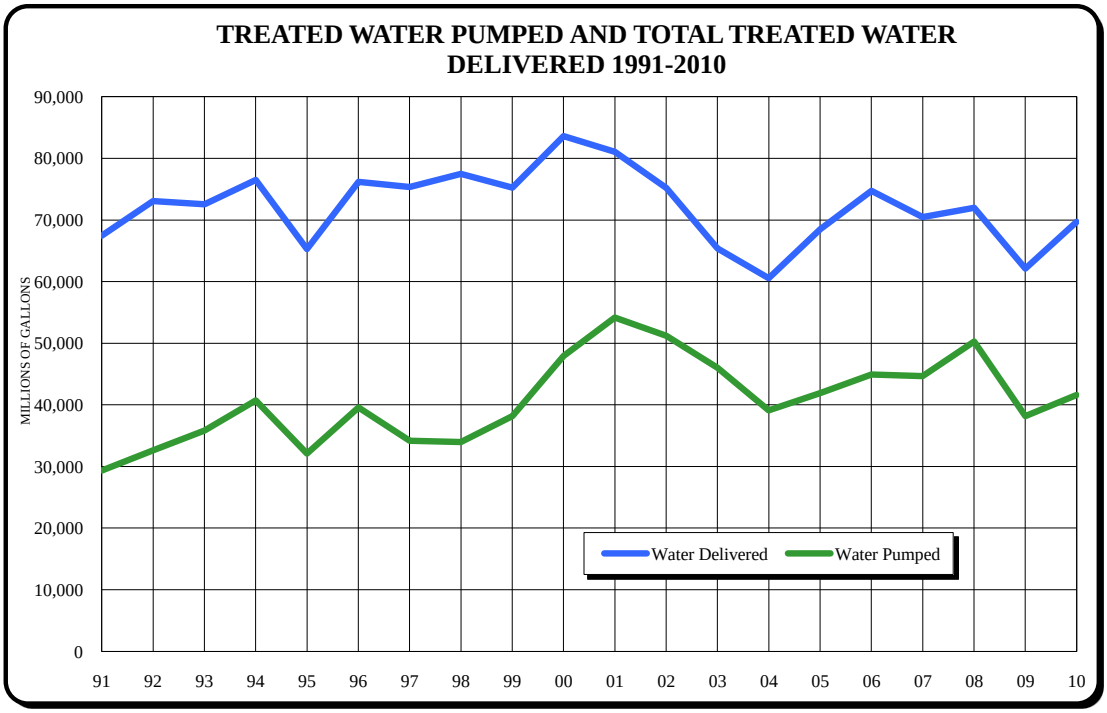
TREATED WATER PUMPED AND POWER COSTS: 1991 - 2010

Year	Total Treated Water Pumped (million gals.)	Total Treated Water Delivered (million gals.)	Pumps Number	Pumps Capacity (million gals.)	Treated Water Total Pumping Power Used (kwh)[1]	Gas Used (dth)	Total Power, Electric and Gas Costs[2]
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 [3]	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
2010	41,611.30	69,695.40	112	1,095.9	28,457,672	-	$2,709,675

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

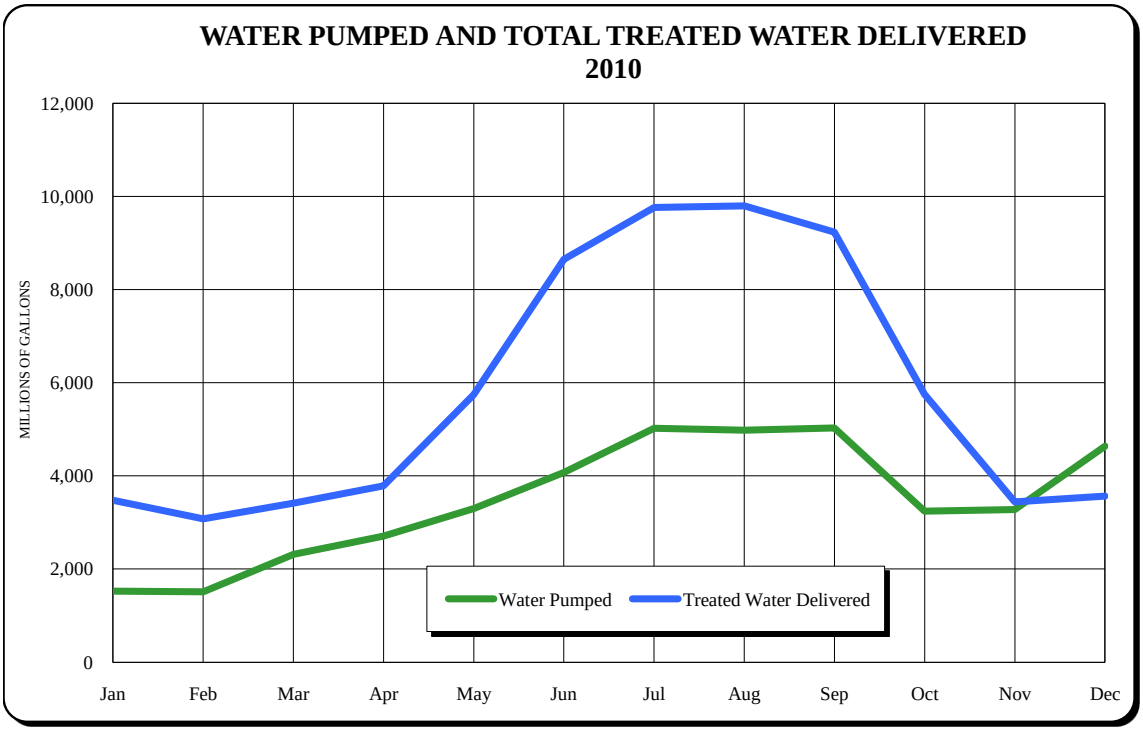
[2]Total energy costs for all Denver metropolitan area Board treated water distribution facilities.

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



WATER PUMPED MONTHLY - 2010
(millions of gallons)

	Water Pumped	Total Treated Water Delivered		Water Pumped	Total Treated Water Delivered
January	1,526.3	3,474.3	August	4,981.7	9,792.7
February	1,511.1	3,076.0	September	5,028.1	9,234.9
March	2,312.6	3,415.5	October	3,243.4	5,751.8
April	2,706.6	3,788.9	November	3,278.6	3,439.7
May	3,294.8	5,741.4	December	4,634.4	3,565.5
June	4,074.6	8,650.3			
July	5,019.2	9,764.4	Total Year	41,611.3	69,695.4



WATER PUMPED BY STATION - 2010
(millions of gallons)

Belleview (Low)	1,554.8	Hillcrest (High)	1,150.1
Belleview (High)	2,858.3	Kendrick (Low)	997.5
Broomfield	1,419.5	Kendrick (High)	2,522.6
Capital Hill	0.0	Lakeridge	340.0
Chatfield (Low)	878.3	Lamar	121.9
Chatfield (High)	809.4	Lone Tree (Low)	1,213.2
Cherry Hills	1,837.7	Lone Tree (High)	863.3
Clarkson Street	324.6	Marston (Low)	1,891.7
Einfeldt	629.0	Marston (High)	6,488.0
Fifty-Sixth Avenue	2,594.5	Sixty-Fourth Ave. (High)	310.7
Green Mountain	1,527.1	Sixty-Fourth Ave. (Low)	1,169.2
Highlands (Low)	2,909.5		
Highlands (High)	5,364.8		41,611.3
Hillcrest (Low)	1,835.7		

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 2010

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

		Capacity (million gals.)
Alameda & Beech (6,042)[1]		
	Number 1	1.0
	Number 2	2.0
		3.0
Ashland (5,430)		
	East Basin	19.1
	West Basin	21.9
		41.0
Belleview (5,743)		10.0
Broomfield (5,335)		
	Number 1	2.5
	Number 2	2.5
		5.0
Broomfield Tank (5,534)[1]		
	Number 1	3.0
	Number 2	3.0
		6.0
Capitol Hill (5,395)		
	Number 1	23.4
	Number 3	27.0
		50.4
Chatfield Tank (5,740)		
	Number 1	5.0
	Number 2	5.0
		10.0
Colorow (6007)		3.7
Fifty-Sixth Avenue (5,223)		15.0
Foothills (5,860)		
	Number 1	25.0
	Number 2	25.0
	Number 3	25.0
		75.0
Green Mountain (5,859)		5.0
Highlands (5,722)		
	Number 1	3.3
	Number 2	3.2
	Number 3	13.5
		20.0

[1]Not Owned by Denver Water.

		Capacity (million gals.)
Hillcrest (5,624)		
	Number 1	14.8
	Number 2	14.8
		29.6
Hogback (6,007)		3.95
Ken Caryl Ranch (6,410)[1]		
	Number 3	2.0
	Number 4	2.0
		4.0
Kendrick (5,627)		15.0
Lone Tree (5,930)		10.0
Marston Treatment (5,497)		
	Number 3	6.8
	Number 4	9.2
		16.0
Moffat Treatment (5,620)		
	Number 1	4.3
	Number 2	4.3
	Number 3	5.0
	Number 4	4.4
		18.0
Sixty-Fourth Avenue (5,460)		15.0
Southgate (6,123)[1]		
	9E	2.0
	9E2	6.0
		8.0
Southgate (6,270)[1]		
	10E	1.5
	10E2	1.5
		3.0
Utah Tank (6,042)[1]		3.0
Valley Tank (6,000)[1]		2.0
Total Capacity		371.65

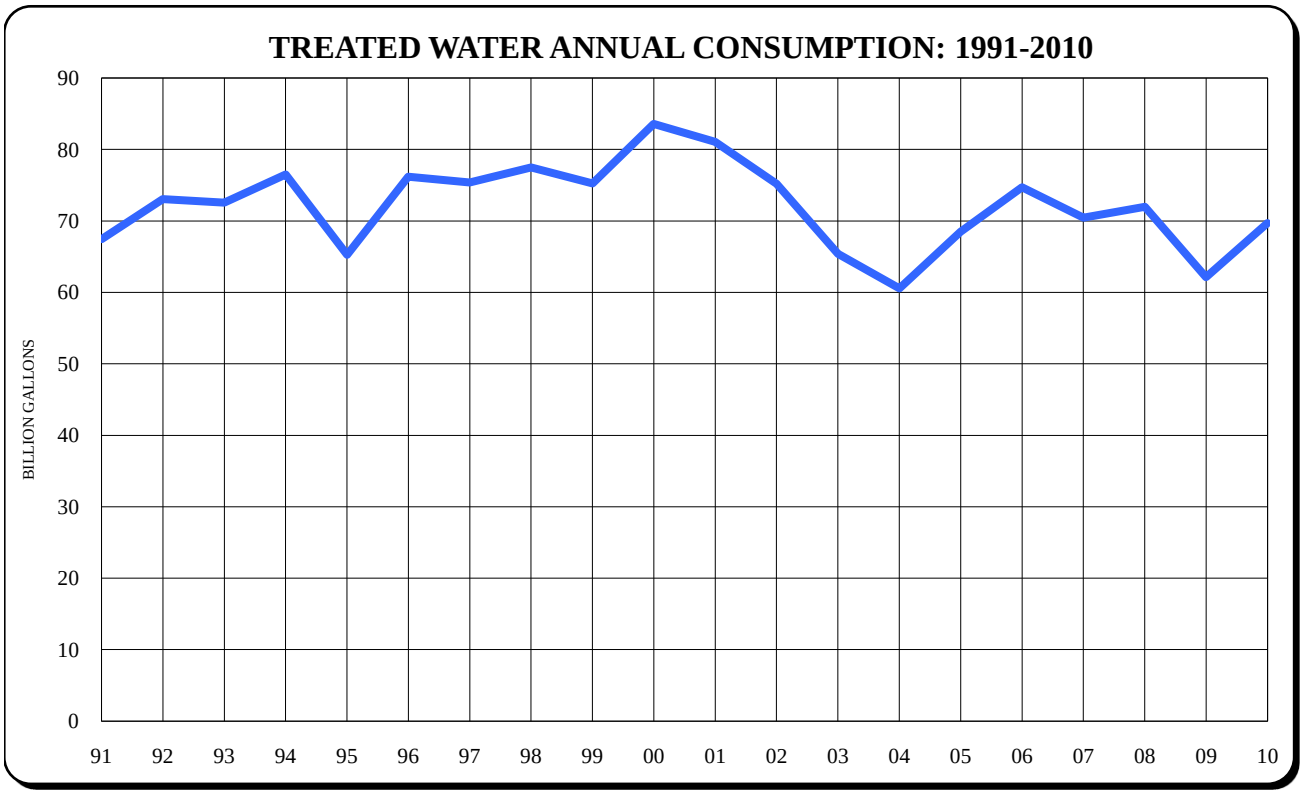
RAW WATER PUMPING STATIONS

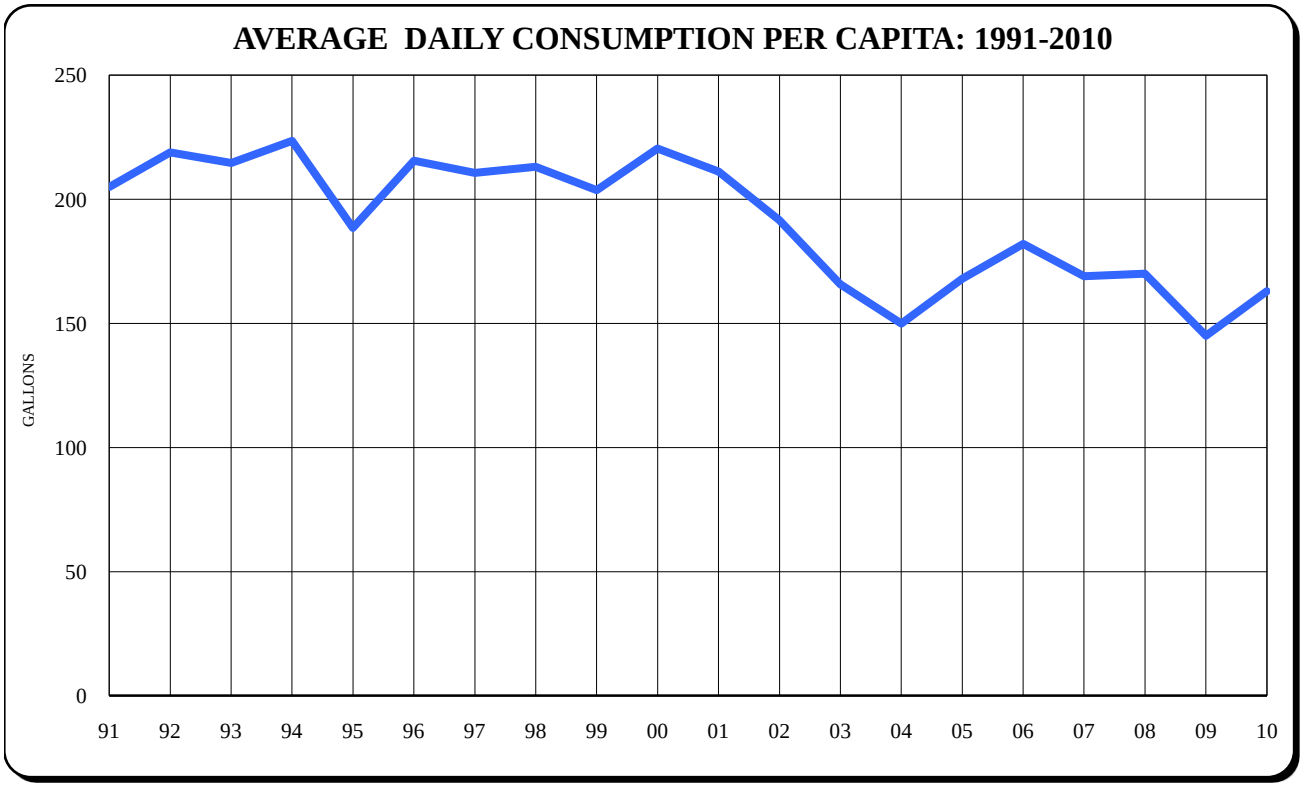
Pump Station	Pump Number	Make of Pump	Make of Motor	Horse-Power	Head in Feet	Capacity in MGD
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				600	90	90.0
Kassler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

Treatment and Water Quality

2010 Facts

Treated water consumption	69,695.40	MG
Increase (decrease) from last year	7,588.50	MG
Average daily consumption	190.95	MG
Maximum daily consumption:		
(July 19)	365.81	MG
Maximum hour treated water use rate:		
(July 19 at 6:00 a.m.)	577.75	MGD
Water Quality:		
Total samples collected	12,115	
Microbiological analyses completed	9,075	
Chemical analyses completed	37,066	


TREATED WATER ANNUAL CONSUMPTION: 1991-2010
BILLION GALLONS
90
80
70
60
50
40
30
20
10
0
91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10


AVERAGE DAILY CONSUMPTION PER CAPITA: 1991-2010
GALLONS
250
200
150
100
50
0
91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10

CONSUMPTION OF TREATED WATER: 1991 - 2010

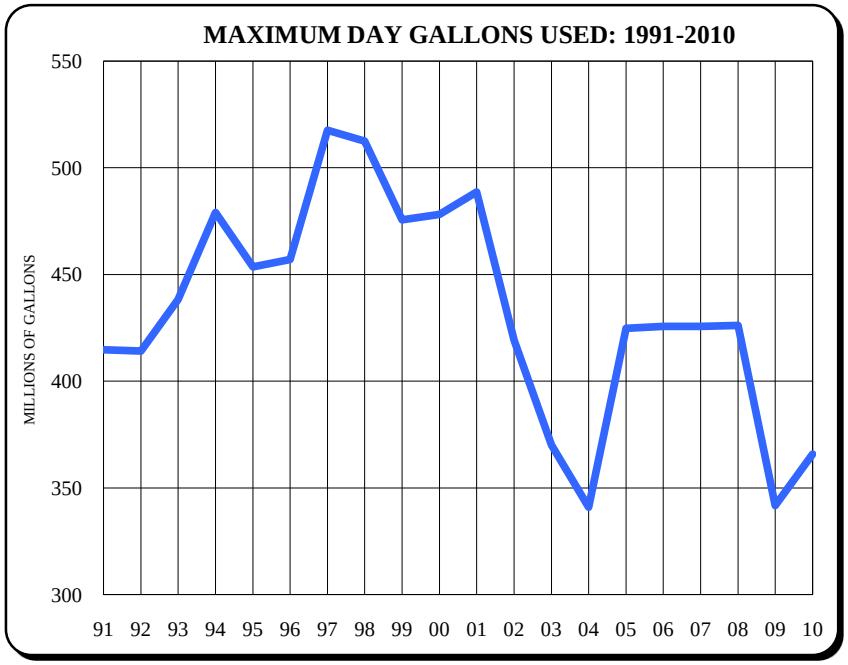
Year	Acre-Feet	(million gallons) Annual	Daily Avg.	Daily Max.	Population July 1[1]	Avg. Daily Gals. Per Capita	Precipitation in Inches[2] Year	4/1 to 9/30
1991	206,953	67,435.91	184.76	414.79	900,000 [3]	205	19.69	14.50
1992	224,162	73,043.27	199.57	414.11	912,000	219	15.94	8.42
1993	222,686	72,562.61	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
2010	213,887	69,695.40	190.95	365.81	1,174,000	163	14.28	9.74

[1]Population estimates are treated water customers only.

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

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

[4]2009 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.



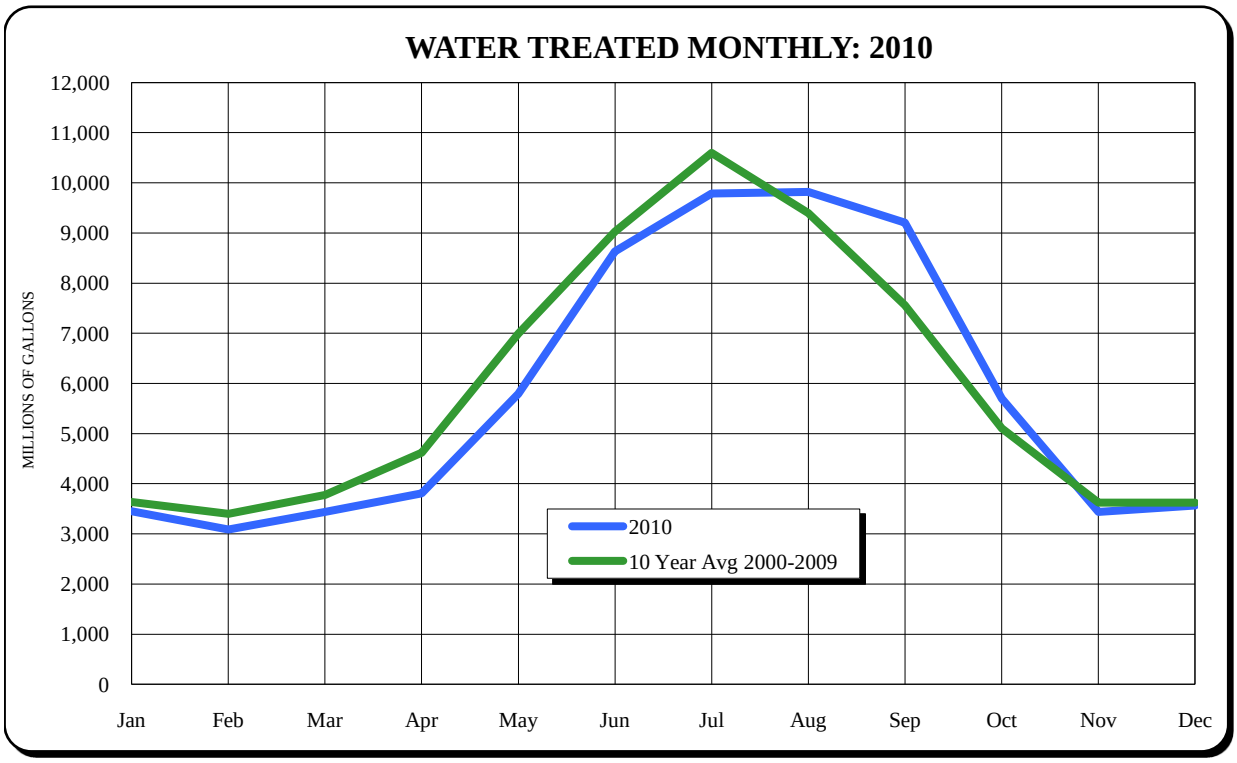
TREATMENT PLANT CAPACITY

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

WATER TREATED MONTHLY - 2010
(millions of gallons)

	Treatment Plant			
	Foothills	Marston	Moffat	Total
January	2,615	-	837	3,452.06
February	2,454	-	634	3,087.33
March	2,742	367	327	3,435.78
April	3,235	572	-	3,806.82
May	4,385	974	431	5,789.91
June	5,828	1,280	1,521	8,629.93
July	6,612	1,502	1,675	9,790.02
August	6,713	1,417	1,688	9,817.48
September	6,486	1,695	1,023	9,204.23
October	4,200	1,243	252	5,695.06
November	1,266	1,587	588	3,440.72
December	-	2,556	1,008	3,563.73
	46,534.98	13,193.35	9,984.74	69,713.07

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	69,713.07	MG
(Increase) Decrease In Clear Water Storage	(17.67)	MG
Total Treated Water Delivered/Consumed for the Year	69,695.40	MG

CHEMICAL TREATMENT AND ANALYSIS:
TREATED WATER IN DISTRIBUTION SYSTEM - 2010

CHEMICAL TREATMENT

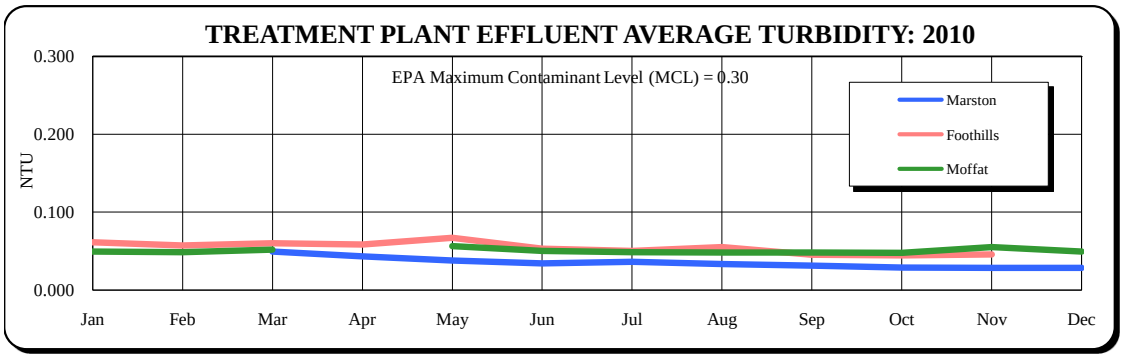
Chemicals are used at various points throughout the treatment plants to provide for appropriate water treatment including oxidation, coagulation, pH adjustment, fluoridation and disinfection. The following are total pounds and cost of chemicals used at each treatment plant.

	Pounds of Chemicals Used	Total Cost
Foothills	26,266,069	$ 2,998,005
Moffat	6,553,173	810,734
Marston	7,970,223	955,704
Recycling	1,965,470	330,698
	42,754,935	$ 5,095,141

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULTS

Month	Number of Samples	Number of Positives	% Positive
January	464	0	0.00%
February	387	0	0.00%
March	436	0	0.00%
April	425	1	0.24%
May	423	0	0.00%
June	448	0	0.00%
July	467	1	0.21%
August	481	1	0.21%
September	427	0	0.00%
October	415	0	0.00%
November	438	0	0.00%
December	413	0	0.00%
	5,224	3	0.06%

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 – 2010

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
General (mg/L)				
Alkalinity, Total as $CaCO_3$		67	53	32
Chlorine, Total		1.67	1.71	1.65
Hardness as $CaCO_3$		108	99	50
pH (SU)		7.7	7.8	7.7
Specific Conductance (µS)		326	292	135
Temperature (°C)		12	8	8
Total Dissolved Solids		193	180	92
Turbidity (NTU)	0.30	0.03	0.05	0.05
Metals (µg/L)				
Aluminum		30	40	<20
Barium	2,000	37	35	21
Boron		16	12	6
Calcium (mg/L)		31	27	15
Magnesium (mg/L)		7.6	7.3	2.8
Manganese		3	2	2
Molybdenum		8	6	<1
Nickel		<1	<1	<1
Potassium (mg/L)		1.9	1.8	0.9
Sodium (mg/L)		24	17	9
Strontium (mg/L)		0.21	0.17	0.08
Ions (mg/L)				
Chloride		22.7	21.2	7.4
Fluoride	4.0	0.89	0.88	0.85
Nitrate +Nitrite -Nitrogen	10	0.08	0.16	0.06
Silicon		2.0	3.7	3.5
Sulfate		58	51	24
Radiological (pCi/L)				
Alpha, Total	15	<2	<2	<2
Beta, Total	Trigger Level = 15	<2	<2	<2
Uranium (µg/L)	30	<0.5	<0.5	<0.5

(Continued next page)

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2010 (Continued)

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
Disinfection By-Products (µg/L)				
1,1,1-Trichloropropanone		1.2	1.4	1.2
1,1-Dichloropropanone		0.6	0.9	0.5
Bromochloroacetonitrile		5.0	2.7	0.7
Bromodichloromethane		8.5	5.6	3.1
Chloral hydrate		1.3	1.2	1.1
Chloroform		12.4	12.8	14.4
Cyanogen chloride		0.8	1.6	1.0
Dibromochloromethane		3.4	1.6	<1.0
Dichloroacetic acid		7.6	11.3	9.9
Dichloroacetonitrile		1.5	2.1	1.4
Haloacetic Acids	60	16	23	23
Total Trihalomethanes	80	24	20	17
Trichloroacetic acid		5.1	7.1	7.3
Nonspecific Organics				
Total Organic Carbon (mg/L)		2.0	2.0	1.9
Total Organic Halogen (µg/L)		103	118	97

The following analyses were performed and each of these constituents was either below the reporting limit or the average result was less than the reporting limit. 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
Alkalinity, Phenolphthalein as $CaCO_3$
Chlorine, Free
Asbestos (7 MFL)
Metals (µg/L)
Antimony (6)
Arsenic (10)
Beryllium (4)
Cadmium (5)
Chromium (100)
Cobalt
Iron
Lead (TT[1])
Lithium
Mercury, Total (2)
Selenium (50)
Silver
Thallium (2)
Titanium
Vanadium
Uranium
Zinc
Ions (mg/L)
Bromide
Carbonate
Hydroxide
Nitrite-Nitrogen (1)
Ortho Phosphorus, Dissolved
Radiological (pCi/L)
Beta
Radium $^{226/228}$(5)
Microbiological
Cryptosporidium
E. coli
Giardia (TT[1])
Plankton
Total Coliform (DS)
Disinfection By-Products (µg/L)
Bromoform
Carbon Tetrachloride
Chloropicrin
Dibromoacetic acid
Dibromoacetonitrile
Monochloroacetic Acid
n-Nitrosodiethylamine
n-Nitrosodimethylamine (NDMA)
n-Nitrosodi-n-butylamine
n-Nitrosodi-n-propylamine
n-Nitrosomethylethylamine
n-Nirtosopyrollidine
Trichloroacetonitrile
Organic Compounds (µg/L)
Pesticides (µg/L) **and**
MicroConstituents (µg/L or ng/L)
1,1,1,2-Tetrachloroethane
1,1,1-Trichloroethane (200)
1,1,2,2-Tetrachloroethane
1,1,2-Trichloroethane (5)
1,1-Dichloroethane
1,1-Dichloroethene (7)
1,1-Dichloropropene
1-Chlorobutane
1,2,3-Trichlorobenzene
1,2,3-Trichloropropane
1,2,3-Trimethylbenzene
1,2,4-Trichlorobenzene (70)
1,2,4-Trimethylbenzene
1,2,4,5-Tetrachlorobenzene
1,2-Dichloroethane (5)
1,2-Dichloropropane (5)
1,3,5-Trimethylbenzene
1,3-Dichloropropane
1,3-Dichloropropene
1,3-Dinitrobenzene
1-Methylnaphthalene
2-Methylnaphthalene
2,2-Dichloropropane
2,3-Dichlorobiphenyl
2-Butanone
2-Chlorobiphenyl
2-Hexanone
2-Methyl-4,6-dinitrophenol
2-Methylphenol
2-Nitropropane
2,2",3",4,6-Pentachlorobiphenyl
2,2",3,3",4,4",6-Heptachlorobiphenyl
2,2",3,3",4,5",6,6"-Octachlorobiphenyl
2,2",4,4",5",6-Hexachlorobiphenyl
2,2",4,4"-Tetrachlorobiphenyl
2,4,6-Trinitrotoluene (TNT)
2,4,5-Trichlorobiphenyl
4-Methyl-2-Pentanone
Acenaphthene
Acrylonitrile
Aldrin
Allyl chloride
Anilazine
Aspon
Bendiocarb
Benfluralin
Benzene (5)
Bolstar
Bromobenzene
Bromochloromethane
Bromomethane
Carbon disulfide
Carbophenothion
Carboxin
Chloramben
Chlorfenvinphos
Chloroacetonitrile
Chlorobenzene (100)
Chloroethane
Chloromethane
Chloropropylate
Clomazone
Clopyralid
cis-1,2-Dichloroethene (70)
cis-1,3-Dichloropropene
Dibromomethane
Dichlorodifluoromethane
Dichloromethane (5)
Ethyl Benzene (700)
Hexachlorobenzene
Hexachlorobutadiene
Hexachlorocyclopentadiene
Iodomethane
Isopropyl Benzene
Isopropyl Ether
m-Dichlorobenzene
Methyl tert-butyl ether
Metsulfuron methyl
Naphthalene
n-Butyl Benzene
Nitrobenzene
n-Propyl Benzene
o-Chlorotoluene
o-Dichlorobenzene (600)
p-Chlorotoluene
p-Dichlorobenzene (78.5)
p-Isopropyl Toluene
sec-Butyl Benzene
Styrene (100)
tert-Butyl Benzene
Tetrachloroethene (5)
Toluene (1000)
Toxaphene
trans-1,2-Dichloroethene (100)
Trichloroethylene (5)
Trichlorofluoromethane
Trichlorotrifluoromethane
Vinyl Chloride (2)
Xylenes (10000)
1,2-Dibromo-3-chloropropane (0.2)
2,4,5-T
2,4-D (70)
2,4-DB
3,5-Dichlorobenzoic acid
3-Hydroxycarbofuran
4,4'-DDD
4,4'-DDE
4,4'-DDT
α-BHC
α-Chlordane
Acetochlor
Acifluourfen
Alachlor (2)
Aldicarb
Aldicarb sulfoxide
Aldicarb sulfone
Atraton
Atrazine (3)
Bentazon
β-BHC
Bromacil
Butachlor
Butylate
Carbaryl
Carbofuran
Chlordane
Chlorneb
Chlorobenzilate
Chlorothalonil
Chlorpropham
cis-Permethrin
Coumaphos
Crotoxyphos
Cyanazine
Cycloate
Dacthal
Dalapon (200)
DCPA acid metabolites
δ-BHC
Demeton O
Demeton S
Desethylatrazine
Desisopropylatrazine
Diazinon
Dicamba
Dichlorprop
Dichlorvos
Dichlobenil
Dichlofenthion
Dichloran
Dicrotophos
Dieldrin
Diethyl ether
Dimethoate
Dinoseb
Dioxathion
Disulfoton
Disulfoton sulfone
Disulfoton sulfoxide
Diphenamid
Dursban
Endosulfan –A
Endosulfan – B
Endosulfan sulfate
Endrin (2)
Endrin Aldehyde
Epichlorohydrin
EPN
EPTC
Esfenvalerate
Ethalfluralin
Ethion
Ethofumesate
Ethoprop
Ethyl methacrylate
Ethyl tert-butyl ether
Ethylene dibromide
Etridiazole
Famphur
Fenamiphos
Fenarimol
Fenitrothion
Fensulfothion
Fenthion
Fenoxaprop-ethyl
Fluometuron
Fluridone
Fonofos
Heptachlor (0.4)
Heptachlor Epoxide (0.2)
Hexachloroethane
Hexazinone
Iprodione
Isofenphos
Leptophos
Lindane
Malathion
MCPA
Mecoprop
Metalaxyl
Methacrylonitrile
Methylacrylate
Methylmethacrylate
Methiocarb
Methomyl
Methoxychlor

[1] TT indicates that the MCL involves treatment techniques.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2010 (Continued)

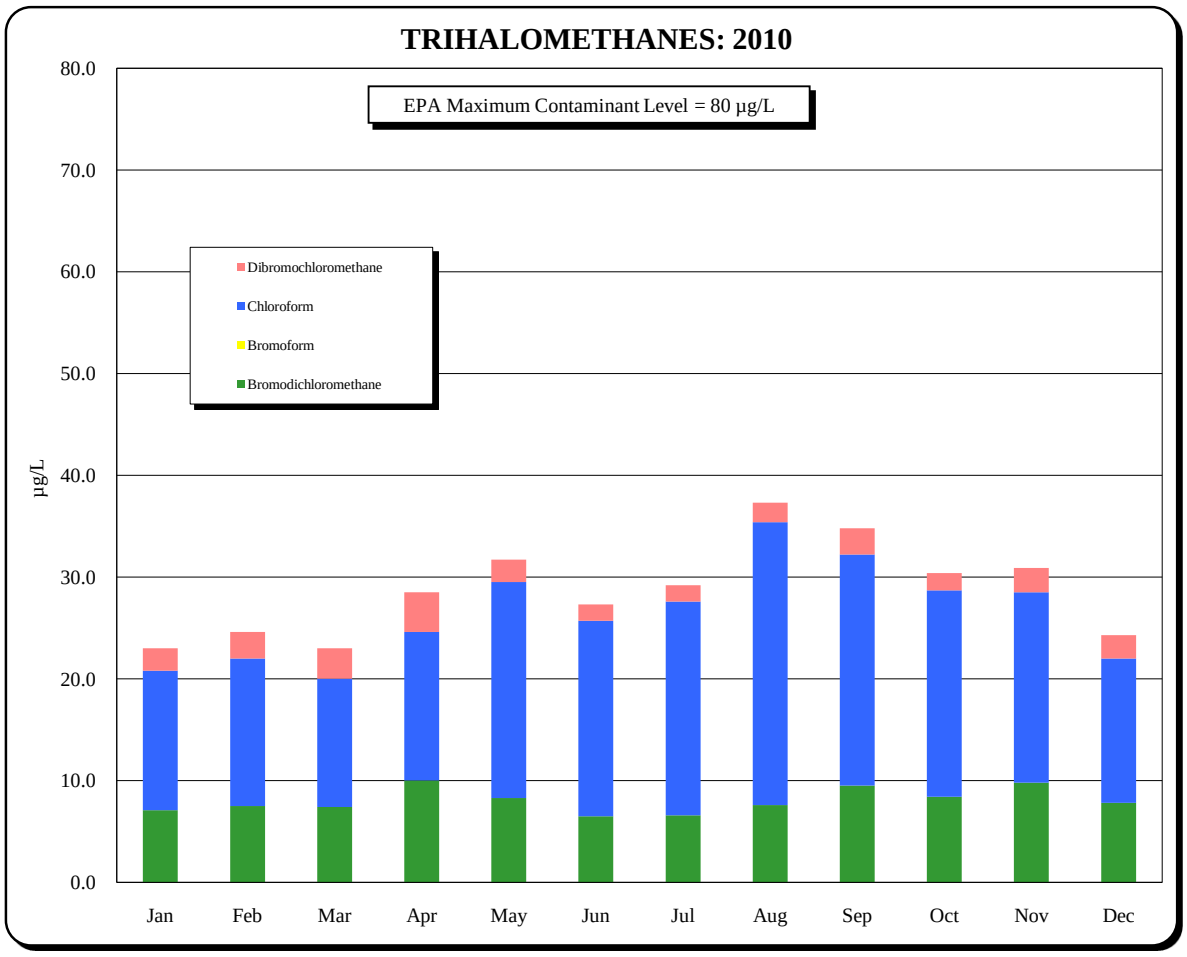
Methyl paraoxon
Metolachlor
Metribuzin
Mevinphos
Mirex
Molinate
Monocrotophos
Naled
Napropamide
Norflurazon
n-Butyl acrylate
Oryzalin
Oxadiazon
Oxamyl (200)
Oxychlordane
Oxyfluorfen
Parathion
Pebulate
Pendimethalin
Permethrin Isomers
Phorate
Phosmet
Picloram
Profluralin
Prometon
Prometryn
Pronamide
Propanil
Propachlor
Propazine
Propionitrile
Propoxur
Prothiophos
Silvex (50)
Simazine (4)
Simetryn
Stirofos
Sulfotep
TAME
TEPP
Terbufos
Terbacil
Terbuthiuron
Terbutryn
Tetrahydrofuran
Thiabendazole
Thiobencarb
Thionazin
trans-Permethrin
Triademefon
Tribufos
Trichloronate
Triclopyr
Tricyclazole
Trifluralin
Vernolate
Vinclozolin
Vinyl acetate

1,4-Dioxane
2,4-Dinitrotoluene
2,6-Dinitrotoluene
Acenaphthylene
Ametryn
Anthracene
Benzo(a)anthracene
Benzo(a)pyrene (0.2)
Benzo(b)fluoranthene
Benzo(g,h,i)perylene
Benzo(k)fluoranthene
Bis(2-ethylhexyl)adipate (400)
Bis(2-ethylhexyl)phthalate
Butyl benzyl phthalate
Chloroprene
Chlorpyrifos methyl
Chrysene
cis-Nonachlor
Cyclohexanone
Dibenzo(a,h)anthracene
DCEE
DEET
Diethyl phthalate
Dimethyl phthalate
Di-n-butyl phthalate
Di-n-octyl phthalate
Dioxin
Diquat
Endothall
Ethyl acrylate
Fluoranthene
Fluorene
Galaxolide
Indeno(1,2,3-cd)pyrene
Iopromide
Isophorone
Meprobamate
Methyl parathion
n-Nitrosopiperidine
Paraquat
PCB 1016 Aroclor
PCB 1221 Aroclor
PCB 1232 Aroclor
PCB 1242 Aroclor
PCB 1248 Aroclor
PCB 1254 Aroclor
PCB 1260 Aroclor
Pentachlorobenzene
Pentachloroethane
Pentachlorophenol (1)
Phenanthrene
Propiconazole isomer a
Propiconazole isomer b
Polychlorinated Biphenyls (0.5)
Pyrene
trans-1,3-Dichloropropene
trans-1,4-Dichloro-2-butene
17alpha-Ethynyl estradiol

17beta-Estradiol
2,4,6-Trichlorophenol
2,4-Dichlorophenol
2,4-Dimethylphenol
2,4-Dinitrophenol
2,6-Di-tert-butyl-4-methoxyphenol
2-Chlorophenol
2-Nitrophenol
4-Chloro-3-methylphenol
4-Methylphenol
4-Nitrophenol
4-n-Octylphenol
4-tert-Butylphenol
4-tert-Octylphenol
Acetaminophen
Antipyrine
Atenolol
Azinphos-ethyl
Azinphos-methyl
Azithromycin
Bacitracin
Bezafibrate
Bisphenol A
Caffeine
Carbadox
Carbamazepine
Chloramphenicol
Chlorotetracycline
Ciprofloxacin
cis-Testosterone
Clofibric acid
Diclofenac
Diethylstilbestrol (DES)
Dilantin
Diltiazem
Doxycycline
Enrofloxacin
Erythromycin
Estriol
Estrone
Fluoxetine (Prozac)
Freon113
Gemfibrozil
Glyphosate
Ibuprofen
Lasalocid
Levothyroxine (Synthroid)
Lincomycin
Monensin
Naproxen
Narasin
Nicotine
Nonylphenol, isomer mix
Norfloxacin
Oleandomycin
Oxytetracycline
Paclobutrazol
Paraxanthine

PCNB
Penicillin G
Penicillin V
Phenylphenol
Prednisone
Primidone
Progesterone
Roxithromycin
Salicylic acid
Salinomycin
Siduron, Total
Simvastatin
Sulfachloropyridazine
Sulfadiazine
Sulfadimethoxine
Sulfamethazine
Sulfamerazine
Sulfamethizole
Sulfamethoxazole
Sulfasalazine
Sulfathiazole
tert-Amyl Methyl ether
Tetrabromobisphenol A
Terbuthylazine
Tetracycline
Theobromine
Theophylline
Thidiazuron
Tonalid
trans-Testosterone
Triadimenol
Triclocarban
Triclosan
Trimethoprim
Tylosin
Virginiamycin M1
BrA
E-Phosphamidon
Fluazifop-butyl
gamma-Chlordane
MGK 264 isomer a
MGK 264 isomer b
MGK 326
trans-Nonachlor
Z-Phosphamidon

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 2010



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 - 2010

Samples Collected:	
Watershed	927
Treatment plant	1,021
Distribution system	8,059
Other	2,108
	12,115

Analyses Performed:	
Microbiological	9,075
Chemical	37,066
	46,141

Transmission and Distribution

2010 Facts

Miles of pipe installed, net of reductions	82.4
Miles of pipe in system	3,037
Miles of recycled water mains in system	44.2
Number of valves operated and maintained	76,240
Number of recycled water valves in system	778
Number of hydrants operated and maintained	19,439
Leak Detection Program:	
Miles of pipe surveyed	801
Visible leaks pinpointed	43
Non-visible leaks detected	100

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TRANSMISSION AND DISTRIBUTION MAINS[1] - 2010

SUMMARY OF PIPE BY MATERIAL

	Length in Feet			Length in Miles
Kind of Pipe	12-31-09	Net Change	12-31-10	12-31-10
Cast iron	6,306,414	(83,862)	6,222,552	1,178.5
Cement Asbestos	1,525,828	138,950	1,664,778	315.3
Cement Mortar coated steel	32,624	956	33,580	6.4
Concrete	415,104	(34,479)	380,625	72.1
Copper	616	756	1,372	0.3
Ductile iron	2,991,767	140,989	3,132,756	593.3
Embedded Cyl Prestressed	33,892	183	34,075	6.5
Galvanized	3,908	681	4,589	0.9
Lined Cyl Prestressed	171,094	2,009	173,103	32.8
Non-Cyl Prestressed	7,478	127	7,605	1.4
Pretensioned Concrete	82,802	616	83,418	15.8
Polyvinyl chloride	2,430,758	230,615	2,661,373	504.0
Reinforced Concrete Cyl	93,099	10,853	103,952	19.7
Reinforced Concrete Non-Cyl	19,822	1,179	21,001	4.0
Steel	1,416,008	(156,072)	1,259,936	238.6
Steel -tape coated	-	168,804	168,804	32.0
Steel - enamel coated	23,132	10,799	33,931	6.4
Unknown[2]	43,559	1,754	45,313	8.6
	15,597,904	434,859	16,032,763	3,036.5

SUMMARY OF PIPE BY DIAMETER

	Length in Feet			Length in Miles
Diameter of Pipe in Inches	12-31-09	Net Change	12-31-10	12-31-10
0.75	18	20	38	-
1	305	109	414	0.1
1.5	352	-	352	0.1
2	2,089	292	2,381	0.5
3	4,780	901	5,681	1.1
4	117,923	(1,577)	116,346	22.0
6	4,736,583	66,164	4,802,747	909.7
8	4,249,968	229,207	4,479,175	848.3
10	129,265	3,784	133,049	25.2
12	3,131,355	140,810	3,272,165	619.7
14	40,267	3,825	44,092	8.4
15	4,526	(18)	4,508	0.9
16	486,686	60,460	547,146	103.6
18	34,382	22,674	57,056	10.8
20	135,693	(4,362)	131,331	24.9
24	533,202	(62,837)	470,365	89.1
27	7,977	(6,529)	1,448	0.3
30	424,511	(4,347)	420,164	79.6
33	198	-	198	-
36	515,691	(13,377)	502,314	95.1
40	-	54	54	-
42	201,129	(2,550)	198,579	37.6
45	79	-	79	-
46	23,440	(296)	23,144	4.4
48	125,618	(2,969)	122,649	23.2
51	6,410	-	6,410	1.2
54	176,220	1,103	177,323	33.6
57	13,036	-	13,036	2.5
60	181,236	2,560	183,796	34.8
63	17,678	-	17,678	3.3
66	85,560	(1,516)	84,044	15.9
67	697	-	697	0.1
72	105,802	2,231	108,033	20.5
84	17,671	176	17,847	3.4
90	32,976	(29)	32,947	6.2
96	69	-	69	-
108	51,373	-	51,373	9.7
120	3,137	(98)	3,039	0.6
150	-	996	996	0.2
	15,597,904	434,859	16,032,763	3,036.5

[1]Mains within the City and Total Service Contract Areas.

[2]Unknown pipe material is assumed to be cast iron.

VALVES[1] - 2010

SUMMARY OF VALVES BY TYPE

Type of Valve	12-31-09	Net Change	12-31-10
Air vacuum valve	170	1,360	1,530
Ball valve	39	12	51
Blowoff valve	3,187	(140)	3,047
Butterfly valve	747	818	1,565
Check valve	66	3	69
Cone valve	82	32	114
Gate valve	50,616	(289)	50,327
Hub valve	4	8	12
MacDougall blowoff valve	112	7	119
Pito (Corp stop)	179	449	628
Pressure regulating valve	298	-	298
Unknown	18	(4)	14
Vacuum valve	-	16	16
Gate valve - Resilient Seat	16,089	2,060	18,149
Altitude valve	3	-	3
Corp Stop	252	8	260
Surge valve	15	-	15
Slide gate valve	10	3	13
Plug valve	6	4	10
	71,893	4,347	76,240

SUMMARY OF VALVES BY DIAMETER

Diameter of Valve in Inches	12-31-09	Net Change	12-31-10
1	753	277	1,030
2	1,959	846	2,805
2.5	1	-	1
3	45	58	103
4	778	473	1,251
6	36,117	625	36,742
8	17,433	496	17,929
10	596	21	617
12	13,062	341	13,403
14	93	(1)	92
15	-	2	2
16	462	(8)	454
18	123	3	126
20	234	26	260
24	97	583	680
27	-	1	1
30	42	218	260
36	43	183	226
42	7	82	89
48	19	59	78
54	9	24	33
60	12	24	36
66	-	2	2
72	8	6	14
84	-	6	6
	71,893	4,347	76,240

[1]Valves within the City and Total Service Contract Areas.

FIRE HYDRANTS[1] - 2010

FIRE HYDRANTS

Size in Inches	Total Hydrants 12-31-09	Net Change	12-31-10
4	37	24	61
6	19,122	256	19,378
	19,159	280	19,439

FIRE HYDRANT BRANCH PIPE

Size in Inches	Kind of Pipe	Length in Feet 12-31-09	Net Change	12-31-10
4	Cast iron	1,262	(25)	1,237
4	Ductile iron	99	-	99
6	Cast iron	103,242	(2,226)	101,016
6	Cement asbestos	3,188	(1)	3,187
6	Ductile iron	227,522	10,121	237,643
6	Polyvinylchloride	950	(21)	929
6	Steel	19,145	(660)	18,485
6	Unknown	15,781	(324)	15,457
		371,189	6,864	378,053

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY MATERIAL

Kind of Pipe	Length in Feet 12-31-09	Net Change	12-31-10
Cast iron	104,504	(2,251)	102,253
Cement asbestos	3,188	(1)	3,187
Ductile iron	227,621	10,121	237,742
Polyvinylchloride	950	(21)	929
Steel	19,145	(660)	18,485
Unknown	15,781	(324)	15,457
	371,189	6,864	378,053

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY DIAMETER

Size in Inches	Length in Feet 12-31-09	Net Change	12-31-10
4	1,361	(25)	1,336
6	369,828	6,889	376,717
	371,189	6,864	378,053

[1]Fire hydrants and branch pipe within the City and Total Service Contract Areas.

RECYCLED WATER MAINS AND VALVES - 2010

RECYCLED WATER MAINS

SUMMARY OF PIPE BY MATERIAL

	Length in Feet		
Kind of Pipe	12-31-09	Net Change	12-31-10
Ductile Iron	3,564.5	648.5	4,213.0
PVC	116,852.7	9,586.3	126,439.0
Steel	66,144.1	36,810.9	102,955.0
	186,561.3	47,045.7	233,607.0

SUMMARY OF PIPE BY DIAMETER

		Length in Feet		
Size	Kind of Pipe	12-31-09	Net Change	12-31-10
3"	PVC	13.5	471.1	484.6
4"	Ductile Iron	42.2	109.3	151.5
4"	PVC	3,781.7	272.1	4,053.8
4"	Steel	-	10.7	10.7
6"	Ductile Iron	68.0	284.0	352.0
6"	PVC	6,415.3	2,280.3	8,695.6
6"	Steel	-	425.0	425.0
8"	Ductile Iron	1,908.8	91.1	1,999.9
8"	PVC	21,648.9	2,133.5	23,782.4
8"	Steel	168.6	52.0	220.6
10"	Ductile Iron	-	38.7	38.7
10"	PVC	135.0	222.0	357.0
10"	Steel	59.4	-	59.4
12"	Ductile Iron	20.6	80.3	100.9
12"	PVC	23,885.5	4,036.5	27,922.0
12"	Steel	9,502.8	71.9	9,574.7
16"	Ductile Iron	-	45.4	45.4
16"	PVC	21,421.2	120.1	21,541.3
16"	Steel	-	32.7	32.7
18"	PVC	-	48.2	48.2
20"	PVC	27,264.6	3.2	27,267.8
20"	Steel	237.6	-	237.6
24"	PVC	12,249.1	(0.1)	12,249.0
24"	Steel	259.5	5,359.4	5,618.9
30"	Ductile Iron	1,524.9	-	1,524.9
30"	PVC	37.7	(0.1)	37.6
30"	Steel	3,700.7	2,494.2	6,194.9
36"	Steel	15,624.8	432.9	16,057.7
42"	Steel	35,793.1	418.3	36,211.4
48"	Steel	-	7,099.6	7,099.6
54"	Steel	719.5	20,413.6	21,133.2
84"	Steel	78.1	(0.1)	78.0
		186,561.3	47,045.7	233,607.0

RECYCLED WATER VALVES

SUMMARY OF VALVES BY TYPE

Type of Valve	12-31-09	Net Change	12-31-10
Air vacuum valves	72	35	107
Blowoff valve	82	31	113
Butterfly valve	85	16	101
Check Valve	18	-	18
Corp Stop	76	-	76
Gate valve	289	55	344
Pitot	11	3	14
Plug Valve	2	-	2
PRV	2	-	2
Sleeve Valve	1	-	1
	638	140	778

SUMMARY OF VALVES BY DIAMETER

Diameter of Valve	12-31-09	Net Change	12-31-10
1"	85	3	88
2"	75	15	90
2.5"	1	-	1
4"	59	32	91
6"	121	65	186
8"	87	6	93
10"	15	-	15
12"	111	3	114
16"	13	-	13
20"	32	-	32
24"	12	4	16
30"	6	2	8
36"	9	-	9
42"	11	-	11
48"	1	3	4
54"	0	7	7
	638	140	778

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 2010

DENVER MAIN BREAKS

Size	Pipe Material	Number of Breaks
3"	Cast Iron	1
4"	Cast Iron	3
4"	Cement Asbestos	1
4"	Ductile Iron	2
6"	Cast Iron	118
6"	Ductile Iron	9
6"	Cement Asbestos	3
6"	PVC	4
8"	Cast Iron	59
8"	Cement Asbestos	2
8"	Ductile Iron	7
8"	PVC	3
10"	Cast Iron	1
12"	Cement Asbestos	2
12"	Cast Iron	35
12"	Ductile Iron	5
12"	PVC	2
15"	Cast Iron	1
16"	Cast Iron	3
		261

TOTAL SERVICE MAIN BREAKS

Size	Pipe Material	Number of Breaks
4"	Ductile Iron	2
4"	Cast Iron	1
6"	Ductile Iron	2
6"	Cast Iron	29
8"	Cast Iron	7
8"	Cement Asbestos	2
8"	Ductile Iron	2
10"	Cast Iron	2
12"	Cast Iron	2
12"	Ductile Iron	2
12"	Cement Asbestos	2
		53

WATER CONTROL SERVICES

	2010	2009	2008	2007	2006
Service Calls	12,654	8,931	5,965	5,000	7,133
Service Leaks	287	329	318	879	1,043
Service Turn Ons	449	424	545	188	436
Service Turn Offs	799	649	264	555	736
Valve Leaks	39	27	87	68	86
Fire Hydrants Hit	107	116	151	156	120
Fire Hydrants Packed and Greased	20,145	17,408	24,741	26,849	29,660
Fire Hydrants Excavated for Replacement	358	621	300	74	218
Fire Hydrants, Miscellaneous Repairs	493	327	385	861	741
Total Fire Hydrants Tested and Repaired	21,103	18,472	25,577	27,940	30,739

LEAK DETECTION PROGRAM

	2010	2009	2008	2007	2006
Non-Visible Leaks Detected	100	145	107	17	28
Non-Visible Water Leaks Loss (1000's of Gallons)[1]	28,280	38,106	28,119	4,467	7,358
Visible Leaks Pinpointed	43	89	60	26	53
Miles Surveyed	801	606	226	183	781
Savings Generated from saving lost water[1]	$ 59,670	$ 72,800	$ 51,739	$ 8,219	$ 13,538
Savings Generated from pinpointing Leaks[1]	30,100	62,300	42,000	18,200	37,100
Total Savings Generated from Leak Detection Program[1]	$ 89,770	$ 135,100	$ 93,739	$ 26,419	$ 50,638

[1]Estimated.

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