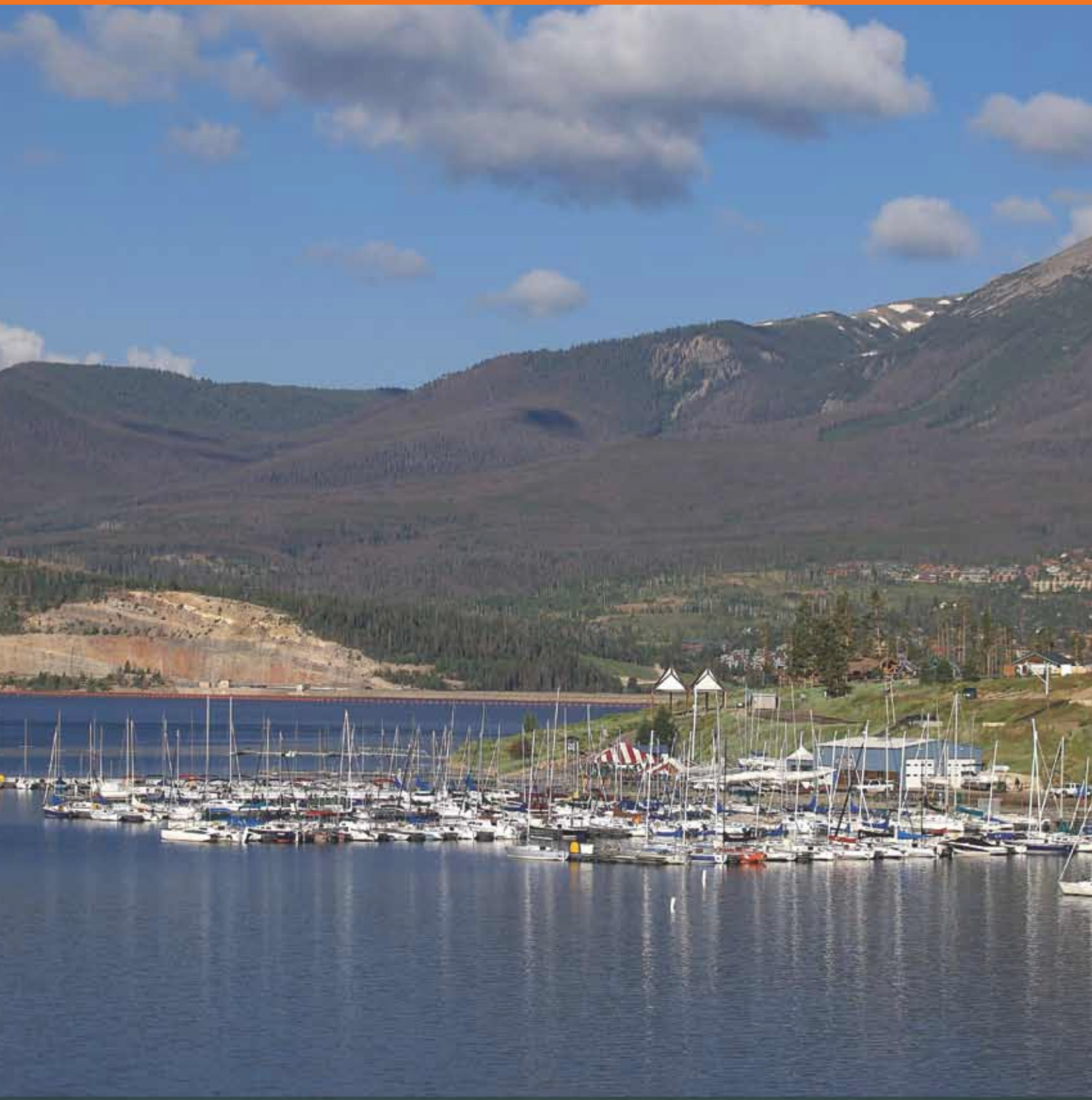
2012
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2012 Denver, Colorado



DENVER WATER

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2012
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2012 Denver, Colorado

DENVER WATER

Prepared by the Accounting Section of the Finance Division

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TABLE OF CONTENTS

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

April 15, 2013

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, 2012.

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 years ended December 31, 2012 and 2011. 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 ("GASB") Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and No. 61, *The financial Reporting Entity: Omnibus*, the Board is classified as a special-purpose "other stand-alone government." A special-purpose other stand-alone government is defined as a legally separate governmental organization that (a) does not have a separately elected governing body and (b) does not meet the definition of a component unit because it does not have a financial benefit or burden relationship with a primary government.

The Board is a "related organization" in the City's financial reporting entity. A related organization is defined as an organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relationship) even though the primary government appoints a voting majority of the organization's governing board.

The Board has no component units as defined in GASB Statements No. 14, 39, and 61.

As a result of GASB Statement No. 61, the City determined that Denver Water is no longer a component unit of the City effective with 2012 reporting.

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 considers compliance with debt covenants and the year-end target cash reserve.

- 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

Denver 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 2013-2022 Ten-Year Capital Plan are $1.6 billion, net of anticipated participation and reimbursement. The program includes:

- $284.9 million for the Moffat Collection System Project for the evaluation, permitting, and construction process to augment our supply to the northern service area. The U.S. Army Corps of Engineers ("the Corps") released a draft Environmental Impact Statement ("EIS") evaluating the potential effects of this option in 2009, followed by a public comment period. A final EIS is scheduled for February 2014, followed by another public comment period before a final decision on a permit will be made.

- $153.8 million for several major storage projects including the replacement of the two obsolete clear water storage tanks at the Hillcrest and Ashland Reservoirs, additional clear water reservoir storage capacity at both the Marston and Moffat Treatment Plants, and a new disinfection contact basin at the Marston Treatment Plant.

- $144.2 million for the first phase of costs to rebuild the Moffat Treatment Plant to replace portions of the plant that are reaching the end of their useful life and to increase the capacity to 250 million gallons per day (MGD). The upgrades will ensure continued delivery of high quality water to the northern metropolitan area.

- $140.2 million to meet the Board's goal of doubling the rate of main replacements and conduit and main rehabilitation over the next 10 years. This acceleration will decrease the replacement cycle from 200 years to the industry standard of 100 years. Conduit and main replacement costs also include cement mortar relining of conduits and mains to extend the useful life at a significant savings over open trench replacement.

- $80.1 million for the replacement of Conduits 16 and 22, two aging and under-utilized raw water conduits which supply water to the Moffat Treatment Plant for the northern metropolitan area while also satisfying Denver Water's contractual obligations to the city of Arvada.

- $76.2 million to meet the Board's goal of bringing the capacity of the Recycled Water Plant and distribution system to 17,000 acre feet.

Revenue adjustments identified in the 2013 Financial Plan are set at levels to meet annual revenue requirements, debt service coverage, and target reserves. Revenue requirements include annual operation and maintenance expenses, payments on existing and proposed debt service, and rate-funded capital projects. 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 2013 was effective beginning January 1, 2013. This adjustment is expected to produce 2.5% of additional revenue over this 12-month period, assuming normal weather and consumption. In addition, annual revenue adjustments of 6.8% are projected in 2014 and 2015 followed by annual revenue adjustments of 3.9% in 2016 through 2022. 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 investment balance related policies and practices are as follows:

Balanced Budget

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.

Cash Reserves

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 2013 with an actual investment balance of $222.3 million, at cost. The 2013 budget projects this balance to increase by receipts of $326.9 million and decrease by expenditures of $340.9 million, resulting in a projected 2013 ending balance of $208.3 million (see page III-55 for details).

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 – 2013 Goals and Objectives

- **Lean** – One of the biggest changes at Denver Water has been our push to do business more efficiently by focusing on things that bring value to customers. Lean is a method of continuous improvement in which employees across the organization are empowered to evaluate processes and look for ways to eliminate waste in their work areas. Lean was developed by Toyota more than six decades ago, and even now, employees at Toyota submit 1 million suggestions for efficiency improvements each year.

  Lean changes the way employees think about delivering value to customers, solving problems, and tearing down barriers between work groups to enhance organizational performance. It will take years to implement, and every employee will participate in some fashion, whether in a rapid improvement event, in which people have one week to solve a problem; in a long-term project; or in a simple "just do it" (or "just stop it") change.

  In 2012, Lean focused on improving operational performance in three areas: pressure regulating valve maintenance, water tap sales and bill inquiries. Changes in those areas have resulted in significant savings, as well as a morale boost among participants and significant safety improvements.

  In 2013, Lean will focus on four areas, also called value streams:

  1. Service delivery: a continuation of work done in the tap sales and billing inquiry value streams of 2012.
  2. Procure-to-Pay: a focus on how purchases of goods and services are made at Denver Water.
  3. Project filtering and delivery: a look at how Operations & Maintenance and Engineering work together to prioritize and schedule projects.
  4. Employer of the Future: a study on how Denver Water interacts with employees, from the time they apply for a job until the time they leave.

  Forty rapid improvement events are already on the calendar, and a handful of staff members have been reassigned to the mix. Now, two full-time facilitators will guide the events, and up to six employees will be trained as part-time facilitators.

- **Pay for Performance** – Employees were introduced to a new compensation plan in 2011, which was piloted in 2012. Instead of providing pay increases based on a time-based step system, the Board approved a pay-for-performance compensation plan that rewards high-performing employees with raises, creates incentives for topped-out employees who are working at a high level, and enables Denver Water to be more flexible with pay decisions.

The new plan also required all employees to be evaluated during the same rating period, instead of on their anniversary dates. The pilot was a success as all performance reviews were completed on time and employees were shown how their pay increases would have been impacted if the new plan had been in place. In 2013, this new compensation plan will be used to evaluate employees' 2012 performances and to drive productivity that keeps Denver Water competitive in the coming years.

- **Colorado River Cooperative Agreement -** In May 2012, leaders from Grand and Summit counties, Denver Water and the Clinton Ditch & Reservoir Co. — entities that for decades battled in court over water — signed the Colorado River Cooperative Agreement, changing the way water will be managed in Colorado. Denver Water's legal team helped negotiate the final text of the agreement and coordinated its execution by 10 of the 18 signatories.

  The Colorado River Cooperative Agreement is the product of years of negotiations, and ultimately included more than 40 parties stretching from Grand Junction to the Denver-metro area. The historic agreement is the largest of its kind in the history of the state. It shifts Colorado away from a path of conflict to a path of cooperation and collaboration in managing the state's water resources. The comprehensive agreement focuses on significantly enhancing the environmental health of Colorado's rivers and streams, as well as supporting many West Slope cities, towns, counties and water providers as they work to improve water quality and quantity through new municipal projects and river management initiatives.

  In exchange for environmental enhancements, including financial support for municipal water projects and providing additional water supply and service area restrictions, the agreement, with the required mitigation, will remove opposition to Denver Water's Moffat Collection System Project.

- **Water Management** - Colorado labored through a desperately dry summer in 2012, and customers responded by watering less and adhering to the watering rules. Customers are now using 20 percent less water than before the 2002 drought, even though there are 10 percent more of them. Still, without a wet spring in 2013, the drought could be dire.

  By the end of 2012, Denver Water's reservoirs were less than 70 percent full; typically, reservoirs finish December at about 84 percent full. The Denver-metro area was 2 to 5 degrees warmer than normal June through August, while precipitation during those same three months was 2 to 4 inches below normal.

  Though the Board of Water Commissioners declared a Stage 1 drought at the beginning of summer 2012, no mandatory watering restrictions were implemented in 2012. The drought is another reminder of our responsibility to help customers use only the water they need by encouraging smart water use and responsible stewardship of the resource we can't live without.

Subsequent Events - Drought

At its March 27, 2013, meeting the Board adopted a resolution declaring a Stage 2 drought, which establishes mandatory watering restrictions beginning April 1, 2013, and a temporary drought pricing structure. This may result in a significant decrease in water revenue. In response, the Board plans to cut operating expenses, defer projects, and tap cash reserves to help balance finances through the drought.

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, 9, Exhibits II-A through II-E
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, 2011. This was the 24nd 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, 2012. This is the 21st 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





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

Greg Austin, President Former partner, Holland & Hart LLP.	*Commissioner since July 28, 2009;* *Term expires July 10, 2013.*
John R. Lucero, First Vice President Deputy Director, Mayor's Office of Economic Dev.	*Commissioner since July 18, 2007;* *Term expires July 10, 2015.*
Thomas A. Gougeon President, Gates Family Foundation	*Commissioner since August 10, 2004;* *Term expires July 10, 2017.*
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, 2017.*

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

Top: James S. Lochhead, CEO/Manager;
Second row from left: Julie Anderson, Director of Customer Relations; Angela C. Bricmont, Director of Finance; Sally Covington, Director of Public Affairs; Christopher R. Dermody, Director of Information Technology; Carla Y. Elam-Floyd, Director of Human Resources; Third row from left: Brian D. Good, Deputy Manager of Organizational Improvement; David L. Little, Director of Planning; Robert J. Mahoney, Director of Engineering; Thomas J. Roode, Director of Operations & Maintenance; Patricia L. Wells, General Counsel

DISCRETIONARY PERSONNEL

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

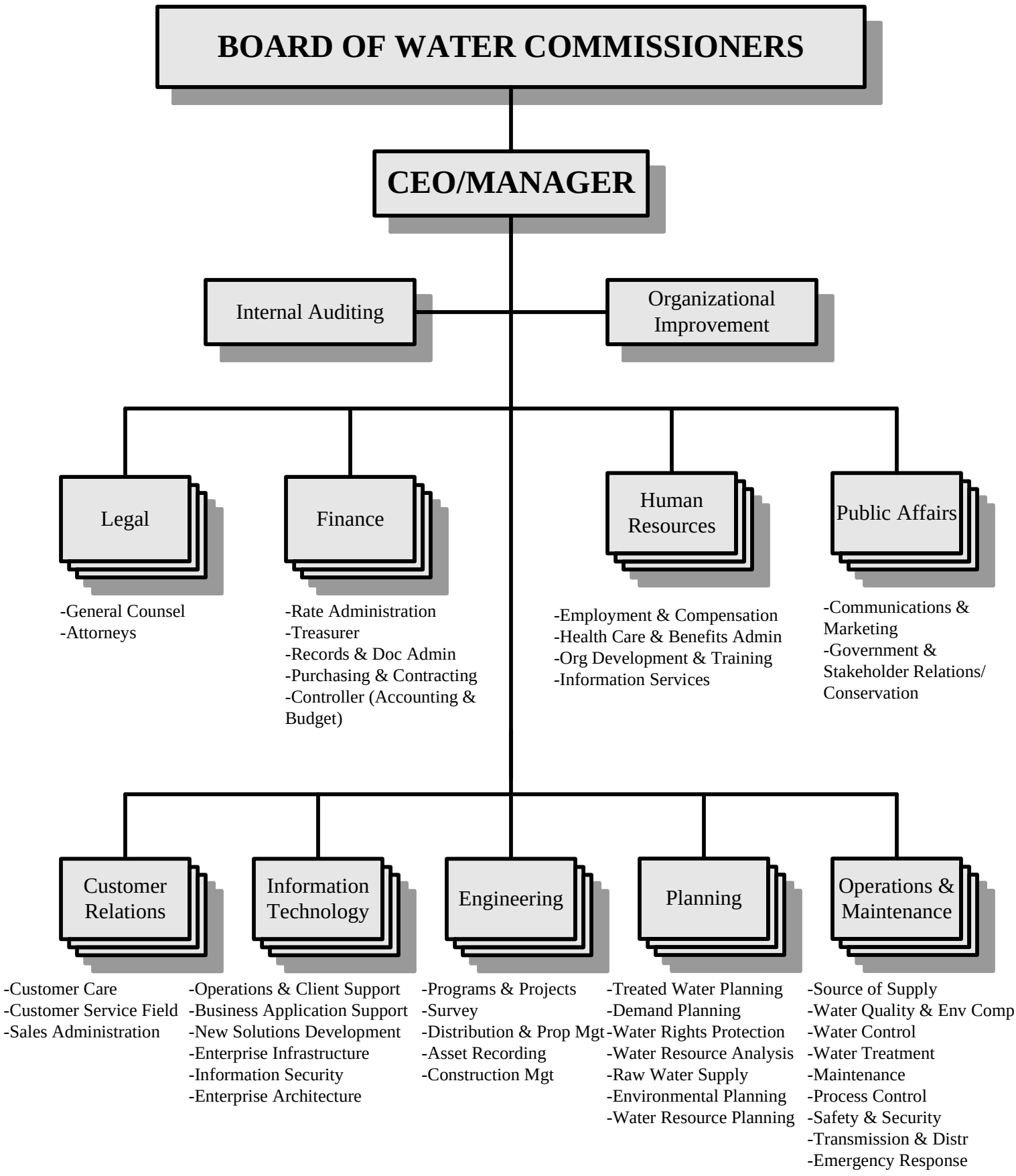
Manager and Senior Staff

James S. Lochhead, CEO/Manager
Julie Anderson, Director of Customer Relations
Angela C. Bricmont, Director of Finance
Sally Covington, Director of Public Affairs
Christopher R. Dermody, Director of Information Technology
Carla Y. Elam-Floyd, Director of Human Resources
Brian D. Good, Deputy Manager of Organizational Improvement
David L. Little, Director of Planning
Robert J. Mahoney, Director of Engineering
Thomas J. Roode, Director of Operations & Maintenance
Patricia L. Wells, General Counsel

Other Staff

John H. Bambei, Jr., Chief of Engineering
Prescott B. Coleman, Chief Internal Auditor
Todd M. Cristiano, Manager of Rate Administration
Melissa E. Elliot, Manager of Water Conservation
Trina L. McGuire-Collier, Manager of Community Relations
Stephen Reum, Assistant Chief of Engineering
Usha Sharma, Treasurer
Michael L. Walker, Attorney V

ORGANIZATION CHART



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

Presented to

Denver Water

Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Christopher P Morrill
President

Jeffrey R. Esser
Executive Director

The Year 2012 in Review

Denver Water has a simple, yet lofty goal: Be the best water utility in the nation. That mission is changing the way we operate, serve customers and deliver water. It's changing the way we treat each other and form goals for the future. But change, and meeting challenges, is part of who we are.

We developed a Strategic Plan in 2011 that affirms where we've been and articulates the way we will resolve upcoming challenges. And we have several on the horizon. We face obstacles regarding the permitting process for the Moffat Collection System Project to enlarge Gross Reservoir. We are pressured by increasing political scrutiny, regulatory changes and increased customer expectations. We worry about the prospects of climate change, as well as catastrophic threats to our system from forest fires and security breaches. The Strategic Plan outlines several initiatives that allow us to be flexible, resilient and adaptable in an uncertain world.

The past year has been full of changes and notable accomplishments. We moved forward with Lean, a method of continuous improvement in which employees across the organization are empowered to evaluate processes and look for ways to eliminate waste in their work areas. We signed the Colorado River Cooperative Agreement, changing the way water will be managed in Colorado. We completed $75 million worth of capital projects, finished a meter-reading replacement program and helped customers use water efficiently during a stage 1 drought. We have so much to be proud of, and we're preparing new projects, plans and efficiency improvements in 2013 with eager anticipation.

Organizational initiatives

In 2012, Denver Water made significant progress on several initiatives within the Strategic Plan, including:

Lean – Discussed in the Letter of Transmittal.

Addition of values to the Strategic Plan – Integrity, vision, passion, excellence and respect: Denver Water's values are proudly displayed throughout the organization, on walls, on *Inflow*, in the way we treat each other and in the job we do. The Executive Team identified the values in early 2012, incorporating feedback from the 2011 employee survey, and added them to the Strategic Plan. Later in the year, employees were surveyed to help develop definitions of the values.

Values define who we are, what we expect of each other and how we will define ourselves to our customers and to the outside world. Though employees have been living these values for years, it's important to define them so everyone understands the attributes that will help make Denver Water the best utility in the nation.

Pay for Performance – Discussed in the Letter of Transmittal.

Budget development – The Budget office has made significant progress in changing the way the Board of Water Commissioners develops and accounts for its annual budget. In 2013, the Budget office will

continue to develop a program approach that looks at different types of infrastructure, such as conduits, treatment plants and reservoirs, to name a few, rather than spending time on each individual Board item.

Employer of the Future – An initiative to guide benefits, compensation and policies to help us hire and retain the best employees began in 2012. The Board hired The Schnur Consulting Group to work on the Employer of the Future initiative. The firm will spend 2013 assessing the organization, presenting its findings, discussing their implications with employees and senior staff, and suggesting steps to achieving the goal of hiring and retaining the best.

Cooperation and collaboration

Colorado River Cooperative Agreement – In May, leaders from Grand and Summit counties, Denver Water and the Clinton Ditch & Reservoir Co. — entities that for decades battled in court over water — signed the Colorado River Cooperative Agreement, changing the way water will be managed in Colorado. Denver Water's legal team helped negotiate the final text of the agreement and coordinated its execution by 10 of the 18 signatories.

The Colorado River Cooperative Agreement is the product of years of negotiations, and ultimately included more than 40 parties stretching from Grand Junction to the Denver-metro area. The historic agreement is the largest of its kind in the history of the state. It shifts Colorado away from a path of conflict to a path of cooperation and collaboration in managing the state's water resources. The comprehensive agreement focuses on significantly enhancing the environmental health of Colorado's rivers and streams, as well as supporting many West Slope cities, towns, counties and water providers as they work to improve water quality and quantity of water through new municipal projects and river management initiatives.

In exchange for environmental enhancements, including financial support for municipal water projects and providing additional water supply and service area restrictions, the agreement, with the required mitigation, will remove opposition to Denver Water's Moffat Collection System Project.

WISE – Water Infrastructure and Supply Efficiency, or WISE, reached an important step during summer 2012 when Denver Water signed an intergovernmental agreement with the city of Aurora regarding water deliveries and Denver's use of Aurora's Prairie Waters Project. WISE is a partnership between Denver Water, Aurora Water and 15 entities in the south metro area, known as the South Metro Water Supply Authority. The project will provide new supply by combining unused capacities in Aurora Water's Prairie Waters Project with unused water supplies from Denver and Aurora. During the years Denver and Aurora don't need all of that water, the South Metro Water Supply Authority will be able to buy the unused water to help reduce their reliance on nonrenewable groundwater.

In the long term, the project also will provide Denver Water with about 15,000 acre-feet of new water supply. The remaining agreements for the WISE project are expected to be completed in early 2013, at which time construction of necessary infrastructure will begin. Water deliveries will begin as early as 2014.

From Forests to Faucets partnership – A hot, dry summer with some of the most destructive wildfires in state history further cemented the need for the From Forests to Faucets partnership. In late March, the Lower North Fork Fire, one of several that charred the state in 2012, scorched 3,200 acres — a third of which was on Denver Water property. Fires are a continual problem for Denver Water because they burn trees and ground vegetation that otherwise keep soil and sediment in place. After intense rainstorms, sediment will erode into the streams and carried down to reservoirs, causing water quality problems for treatment plants.

To help prevent these problems, Denver Water and the U.S. Forest Service are sharing an investment of $33 million, over a five-year period, for restoration projects on more than 38,000 acres of U.S. Forest Service land. The partnership, in its second year in 2012, is accelerating and expanding the Forest Service's ability to restore forest health in watershed critical for Denver's water supplies and infrastructure. Several fuel-reduction projects took place near Dillon and Strontia Springs reservoirs in 2012, and crews also plan to target wildfire-prone areas near Gross, Antero and Eleven Mile Canyon reservoirs, and near the town of Winter Park.

Lead response – In late 2012, we worked with the Colorado Department of Public Health and Environment to issue the largest public health education campaign in our 94-year history. This campaign alerted customers to the dangers of having lead plumbing, typically found in older houses.

Each year Denver Water collects more than 10,000 water samples and runs nearly 50,000 water quality tests, including tests for lead. We test our source water (rivers and reservoirs), and we also test water when it leaves our treatment plants and as it flows through the distribution system of pipes in the street. We have never found lead at levels of concern in any of these parts of the public water system. However, Denver Water has also conducted a testing program for lead in water inside homes with lead plumbing for 20 years because lead may be present in plumbing and private service lines (the pipes that connect a home or building to the water mains in the street).

Recent water tests sampled from 60 homes were analyzed. Eight of those samples showed elevated lead levels. All eight homes had lead service lines and were built before 1920. Samples from the remaining 52 homes (including 20 with lead service lines) did not show elevated levels of lead.

Because the number of homes with elevated lead levels exceeded the standard, federal regulations required us to notify all customers and provide information about lead. As part of that education campaign, we sent a bilingual brochure about lead to all customers — which amounted to about 560,000 addresses — including people who receive water from our distributors and multi-family residences that don't typically receive mailings from Denver Water.

We also made resources available online and through our call center, and enhanced the information about lead on our website. We issued news releases, and worked with local doctors and health organizations, elected officials and other stakeholders to help educate them about the health effects of lead. Additionally, our customer care team expanded call center operations and trained additional staff and volunteers to respond to customer calls.

Major accomplishments in 2012

Capital projects – Each year, the price tag for our aging infrastructure and the capital projects needed to maintain our vast system continues to increase. In 2012, we spent approximately $128 million on capital projects.

- In 2012, we completed major, complex work upgrading Cheesman Dam and Williams Fork Dam. We also rebuilt the nearly 140-year-old Harriman Lake Dam to bring it up to current engineering standards and to restore the reservoir's original capacity.
- Crews finished the first of several treated water reservoir projects in 2012 by building a new 10-million-gallon concrete reservoir in Lone Tree. In the next decade, we plan to spend about $120 million on treated water storage tank projects throughout our delivery system. We also started work on the second tank in the series, Ashland Treated Water Reservoir in Wheat Ridge. As part of the $40 million four-year project at Ashland, crews will demolish two tanks and build new reservoirs in their place.

Crews also began renovating the aging Elizabeth Street Pump Station and installing two major pipelines. The $8.9 million project will allow us to continue providing a reliable water supply to customers in central Denver and to expand our delivery of recycled water to three large parks in that area.

LIRF settlement – Denver Water recently finalized the largest lawn irrigation return flow project in the state, allowing us to reuse even more Colorado River water than we had been before the project. When people water their lawns, some water evaporates and another portion nourishes the plants. The remaining water soaks into the ground and seeps back to nearby streams, eventually making its way to the South Platte River. That seepage is called lawn irrigation return flows, or LIRFs. The portion of LIRFs that originate from the Colorado River, according to the Supreme Court, should be reused to minimize the amount of water we pull from the West Slope. Accounting for that water, however, is complicated, and resulted in a complex legal battle that almost went to court.

More than 50 employees from Planning, Legal, Water Quality Lab, Engineering and Metro Wastewater, as well as several consultants, spent years working on a flood of complex research, testing soil and water quality, outlining complex GIS maps, and studying the hydrogeology in Denver Water's service area. Earlier in 2012, their hard work paid off. After Denver Water settled with 38 objectors, the state water court granted Denver Water the right to use 2,000 acre-feet of Colorado River water that previously went unclaimed. That amount is expected to grow as Denver Water imports more water from the Colorado River in the future. And the project's $3 million price tag put the reusable water at $1,500 per acre-foot — a bargain for water these days.

Had the case gone to trial, it was expected to take at least two months, and Denver Water's exhibits alone would have totaled nearly 42,000 pages.

Conservation – Our progressive approaches at creating a culture of conservation, including an advertising campaign, watering rules, incentives and rebates, continue to help customers use less water. Despite a hotter-than-average summer, water consumption never eclipsed 400 million gallons in one day. In 2000, a similarly hot and dry year, customers used more than 400 million gallons 50 times. And customers continue to use 20 percent less water than they were using before the 2002 drought.

Recycled water system – We continue to add customers, such as Cheesman and Congress parks, to the recycled water system, and we started installing infrastructure to serve the Montbello, Gateway Park and Green Valley Ranch areas in northwest Denver. We also worked with the Denver Museum of Nature and Science in conjunction with the Department of Energy in designing a unique heating and cooling system that uses recycled water infrastructure as a heat source. Additionally, we performed a study to examine the use of recycled water in commercial laundries and car washes and will be presenting this at a Colorado Water Quality Control Commission rule-making hearing in order to realize demands identified by the recently updated recycle master plan.

Integrated Resource Plan – In 2012, efforts to complete the new IRP were put on hold pending the outcome of the federal regulatory process for enlarging Gross Reservoir. When the IRP process began in 2008, we assumed we would have a federal permit to enlarge Gross Reservoir. The U.S. Army Corps of Engineers decided to delay the decision to issue an enlargement permit until February 2014. Denver Water's near- and long-term strategies being analyzed in the IRP process assume that Gross Reservoir will be enlarged to meet critical water system needs. If the enlargement does not occur, many of the potential conclusions in the draft IRP would be invalid. Despite the suspension of efforts on the new IRP, staff and Board members made a number of findings that are applicable with or without completion of Gross Reservoir enlargement, and those findings will guide us in the short term.

Moffat Collection System Project – We have a responsibility to meet the needs of the customers we serve. As part of that responsibility, we need the Moffat Project because we are at serious risk of running out of water in the north end of our system. A single dry year or emergency — such as a forest fire or treatment plant shutdown — puts that water supply in jeopardy. By enlarging Gross Reservoir, the Moffat Project will help us avoid running out of water in any given year and will help us put water where we need it. The Moffat Project, one of the major elements of our plan for the future, will help resolve three major supply challenges: the risk of running out of water in a one-year drought, a serious imbalance in our collection system and a future water shortfall.

In 2012, we continued permitting work for the project by completing additional studies and answering questions submitted to the U.S. Army Corps of Engineers regarding the Moffat Collection System Project Draft Environmental Impact Statement. The final environmental impact statement is expected to be released February 2014.

Information Technology – IT underwent several changes in 2012, reorganizing the division and improving technology security measures.

- Scrum – IT reorganized itself in 2012 to adapt the scrum methodology. Instead of being structured into four tiers, IT employees are now organized into scrum teams. Scrum provides the basis for identifying and ranking IT solutions and scheduling and implementing work in an efficient fashion. Each scrum team is responsible for all support and advancement activities within their area of focus.
- Information security office – In 2012, IT implemented a new information security office, which includes a certified information security manager and two certified information security technicians. The office educates employees, enhances security controls and implements advanced technologies to keep our technical systems safe.

- Major system upgrades – A number of major system upgrades occurred in 2012, including our customer information system, the Human Resources and payroll system, and the content management and collaboration system. IT also successfully upgraded almost 2,000 computers to Windows 7 and Office 2010.

Mobile workforce – Customer Relations-Field technicians and Meter Shop employees completed the first full year using mobile workforce. This tool allows staff to monitor and manage field activities in real-time, helping field and office crews to work more efficiently. Mobile workforce also reduced miles driven by 30 percent.

Pipe replacement and rehabilitation – Every year, we replace and rehabilitate dozens of miles of pipe. In 2012, we rehabilitated 58,288 feet of pipe by scraping out the insides and relining them with cement mortar. We also replaced and improved more than 65,500 feet of pipe. With more than 3,000 miles of pipe in our system that gets older every day, this will continue to be a challenge.

Operational efficiencies – Operations and Maintenance took several steps in 2012 to become more efficient and secure, including:

- Implemented bar coding technology in the Warehouse to help manage inventory and assets.
- Introduced a pressure regulating valve preventive maintenance program that reduced main breaks by roughly 50 per year.
- Installed 15 percent more pipe, increased the exercise rate of valves by 300 percent, increased the valve replacement rate by 250 percent and increased hydrant replacement rate by 72 percent, despite having a smaller Transmission and Distribution staff than in past years.
- Hired a new manager of emergency response to develop, implement and maintain a comprehensive emergency management program throughout Denver Water.

Meter reading replacement program – Customer Service-Field crews spent 2012 completing a meter reading replacement program, ensuring customers will be charged fairly for the water they consume. Denver Water has spent the last two years working on the Encoder Receiver Transmitter replacement project. ERTs are automated meter reading devices that transmit water consumption data to meter readers as they drive by in their trucks. Each meter has one, and the majority of ERTs are nearing the end of their battery-powered lifespan. Crews are recycling the old ERTs and replacing them with devices that have a 20-year lifespan. Each day, Denver Water's meter readers check about 15,000 meters. If a meter can't be read properly, it can slow down an efficient process to a standstill and cause customer billing issues. Crews replaced more than 20,000 ERTs in 2012, the project's final year. In total, crews have replaced more than 85,000 ERTs since the $11.3 million project began in 2010.

Raw water storage

Colorado ended the year desperately dry. By the end of 2012, our reservoirs were less than 70 percent full; typically, reservoirs finish December at about 84 percent full. The Denver-metro area was 2 to 5 degrees warmer than normal June through August, while precipitation during those same three months was 2 to 4 inches below normal.

Though the Board of Water Commissioners declared a Stage 1 drought at the beginning of summer 2012, no mandatory watering restrictions were implemented in 2012. The Board declared a Stage 2 drought on March 27, 2013, and established mandatory water restrictions beginning April 1, 2013, and a temporary drought pricing structure.

Legislative impacts

Three pieces of legislation were enacted in the 2012 session of the Colorado General Assembly that directly affects Denver Water's policies or operations.

- House Bill 12-1078 clarified that the solid and hazardous waste commission has oversight jurisdiction of waste impoundments at drinking water facilities, and that drinking water facilities are not required to obtain a certificate of designation.
- House Bill 12-1285 allows water utilities to enter into an annual operating plan with the Colorado State Forest Service instead of intergovernmental agreements with the counties as required in legislation enacted in 2009.
- Senate Bill 12-097 simplified the procedure for the adjudication of certain changes of the points of diversion of water rights.

Financial responsibility

New rate methodology – For nearly a year, Denver Water worked with distributors to develop a new cost-of-service rate model that addresses a number of problems associated with the 20-year-old model, which allocated water rates based on inside-city customers and outside-city customers.

About half of Denver Water's water service is to the suburbs of Denver, and water is provided to these customers through 65 distributor districts. The new model is more transparent, predictable and equitable than the old model. It allows us to protect customers from large swings in rates from year to year and enables both the inside-city and outside-city rates to move in tandem.

Sound accounting and financial reporting practices – Each year, an independent auditor audits our financial statements, a document more than 60 pages long that details all assets, liabilities, revenues and expenses. In 2012, the accounting firm gave us a clean report, saying our accounting practices fairly present Denver Water's financial position, changes in financial position and cash flows. The firm also had no comments for improvement — the first time in recent memory that had happened.

Debt Refinancing - Denver Water issued $154 million of new revenue bonds in 2012. Bonds in the amount of $37 million were issued to finance expansion capital projects planned for 2012 and $117 million were issued to refinance existing debt. The refinancing provided the Board an economic gain (net present value savings) of $21 million and reduced total debt service $28 million over the next 28 years.

Awards and accolades

Hundreds of employees are involved in professional and water-industry boards and organizations. Staff members volunteer their time for everything from the Colorado Society of Certified Public Accountants to the American Society of Civil Engineers to the Colorado Water Utility Council. Employees are at the top of their class, and it shows by the awards and accolades Denver Water receives year after year.

Exceptional performance – Denver Water was one of four water utilities from around the nation to receive the Association of Metropolitan Water Agencies gold award for exceptional utility performance. The awards recognize outstanding achievement in implementing nationally recognized attributes of effective utility management.

We received the award for our commitment to delivering a high-quality product, operating with excellence and efficiency, developing employees' skills, and using specific metrics to track performance. The association also noted other achievements that helped us earn gold. We have engaged in comprehensive watershed protection efforts and asset management programs. To prepare for an uncertain future, we use scenario planning to evaluate potential water supply futures and collaborate with federal, state and local officials to prevent, prepare for and recover from emergencies. We also partner with regulatory agencies to ensure we use practical approaches to protect public health and the environment. And our financial position is strong, with solid cash reserves and excellent credit ratings. The award is another mark in demonstrating our commitment to delivering customers high-quality water every day.

Excellence in financial reporting – For the 24th 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 21st year, Denver Water received the Distinguished Budget Presentation Award from the Government Finance Officers Association. This award acknowledges state and local governments whose budgets serve as a policy document, financial plan, operations guide and communications device.

Excellence in water fluoridation – Denver Water received three awards with respect to water fluoridation:

- 2011 Award for Excellence for outstanding performance in the practice of water fluoridation, State of Colorado
- 2011 Water Fluoridation Quality Award, Centers for Disease Control
- 2011 Fluoridation Reaffirmation Award, Centers for Disease Control

The Colorado Department of Public Health and Environment says that community water fluoridation reduces cavities by 25 to 40 percent. Denver Water received these awards for consistently meeting the

optimal fluoride levels. Though fluoride naturally occurs in water, it's often necessary to add it to meet state and federal recommendations.

Metro Denver Healthiest Employer – Denver Water took second place as the Metro Denver Healthiest Employer. The Denver Business Journal and Healthiest Employer LLC, which present the awards, selected employers based on access to wellness programs, biometric screenings and obesity coaching, among other criteria. Denver Water placed second in the extra-large company category, which includes employers of 1,000 people or more.

Roughly one in four Coloradans receives water from us, making us the largest water utility in the state. We have a powerful responsibility to our customers, the environment and our neighbors, and we don't take that charge lightly. Our dedicated employees work day and night operating a system that people can't live without. With their help, and by using the Strategic Plan as our guide, we will realize our simple vision of being the best water utility in the nation.

FINANCIAL SECTION

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

Table of Contents

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KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

Independent Auditors' Report

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

Report on the Financial Statements

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) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and 2011, and the changes in financial position and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in note 1.N. to the financial statements, in 2012, the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages II-3 through II-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The accompanying supplementary information included in the introductory section on pages I-1 through I-18, the financial section on pages II-52 through II-57, and the statistical section on pages III-1 through III-89 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental financial information included on pages II-52 through II-57 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information included on pages II-52 through II-57 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying supplementary information included in the introductory section on pages I-1 through I-18 and statistical section on pages III-1 through III-89 has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG LLP

Denver, Colorado
April 19, 2013

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, 2012 and 2011. 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 position, improved 6% during 2012, compared to 3% during 2011.

- ***Operating income*** was $81.1 million in 2012 compared to $41.0 million in 2011, an increase of 98%.
- ***Income before capital contributions*** was $68.4 million in 2012 compared to $20.6 million in 2011, an increase of 233%.
- ***Capital contributions*** were $36.7 million in 2012 compared to $34.6 million in 2011, an increase of 6%.
- ***Net position*** increased $105.1 million, or 6%, in 2012 compared to $55.2 million, or 3%, in 2011.
- ***Capital asset additions*** were $128.3 million in 2012 compared to $113.1 million in 2011, an increase of 13%.

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 position, 2) statements of revenues, expenses, and changes in net position, 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 position** present information on all of the Board's (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources, with the difference between the two reported as ***net position***. "Deferred outflows of resources" is defined as consumption of net assets that is applicable to a future reporting period rather than the current reporting period. "Deferred inflows of resources" is defined as an acquisition of net assets that is applicable to a future reporting period rather than the current reporting period. Over time, increases or decreases in net position 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 net position** present information showing how the Board's net position changed during the years presented. All changes in net position 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 POSITION

As discussed above, net position may serve over time as a useful indicator of the Board's financial position. The Board's net position was $1.743 billion at December 31, 2012, an increase of $105.1 million, or 6%, from December 31, 2011. Net position was $1.638 billion at December 31, 2011, an increase of $55.2 million, or 3%, from December 31, 2010 (see Figures 1 and 2 and Table 1).

Figure 1 - Net Position

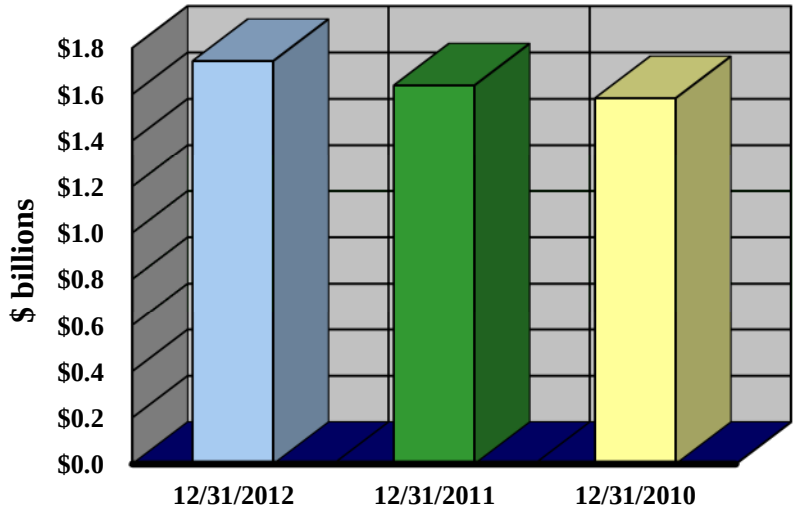


Table 1 - Condensed Statements of Net Position
(amounts expressed in thousands)

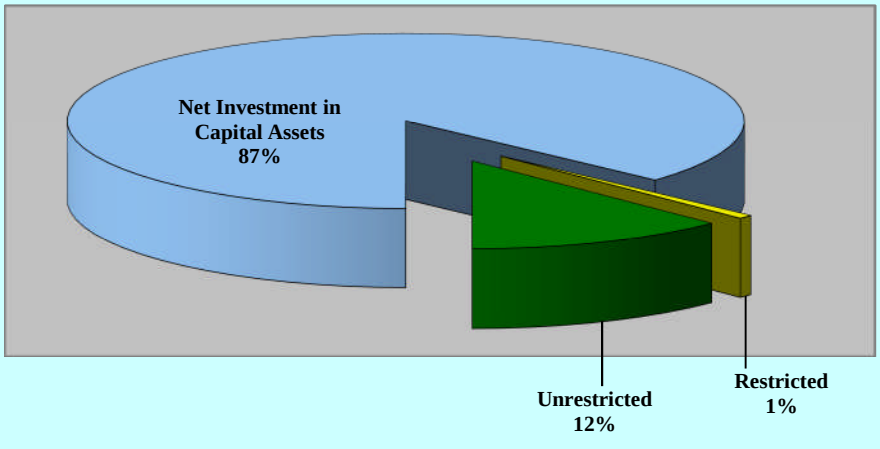
	As of December 31,			2012 - 2011		2011 - 2010	
	2012	2011	2010	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Current and other assets	**$ 279,866**	$ 237,437	$ 279,680	$ 42,429	18%	$ (42,243)	(15)%
Capital assets, net	**1,954,672**	1,880,227	1,826,912	74,445	4	53,315	3
Total assets	**2,234,538**	2,117,664	2,106,592	116,874	6	11,072	1
Deferred Outflows of Resources	**5,122**	-	-	5,122	-	-	-
Current liabilities	**66,487**	56,267	65,697	10,220	18	(9,430)	(14)
Noncurrent liabilities	**430,020**	423,339	458,086	6,681	2	(34,747)	(8)
Total liabilities	**496,507**	479,606	523,783	16,901	4	(44,177)	(8)
Net position:							
Net Investment in capital assets	**1,513,582**	1,454,710	1,401,820	58,872	4	52,890	4
Restricted	**12,274**	13,746	18,912	(1,472)	(11)	(5,166)	(27)
Unrestricted	**217,297**	169,602	162,077	47,695	28	7,525	5
Total net position	**$ 1,743,153**	$ 1,638,058	$ 1,582,809	$ 105,095	6	$ 55,249	3

The largest portion of the Board's net position 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 position represents resources that are subject to external restrictions on how they may be used. The Board's 2012 restricted net position consists of a debt service reserve fund of $12.3 million for revenue bonds. For 2011 and 2010, restricted net position consisted of the debt service reserve fund of $13.7 million and $18.9 million, respectively.

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

Figure 2 - Net Position Categories as of December 31, 2012



The Board's increase in net position during 2012 of $105.1 million or 6% indicates an improved financial position.

Other changes in the statements of net position were as follows:

- **CURRENT AND OTHER ASSETS** in 2012 increased $42.4 million, or 18% from 2011. They decreased $42.2 million, or 15% between 2011 and 2010. The increase in 2012 was primarily due to the increase in current and long-term investments as a result of the series 2012A revenue bond issuance. The decrease in 2011 was primarily due to the decrease in long-term investments for expenditures on capital projects and redemption of Certificates of Participation ("COPs").

- **CAPITAL ASSETS, NET** in 2012 increased $74.4 million, or 4% from 2011. They increased $53.3 million, or 3% between 2011 and 2010. The increase in both years was due to additions outlined in Table 8, offset by increased accumulated depreciation.

- **DEFERRED OUTFLOWS OF RESOURCES** represents the difference between the reacquisition price and the net carrying amount of defeased debt ("deferred amount on refunding").

- **CURRENT LIABILITIES** in 2012 increased $10.2 million, or 18% from 2011. They decreased $9.4 million, or 14% between 2011 and 2010. The increase in 2012 was primarily due to an increase in the current portion of revenue bonds. The decrease in 2011 was primarily due to the redemption of the COPs.

- **NONCURRENT LIABILITIES** in 2012 increased $6.7 million, or 2% from 2011. They decreased $34.7 million, or 8% between 2011 and 2010. The increase in 2012 was primarily due to an increase in revenue bonds offset by a decrease in general obligation bonds. The decrease in 2011 was primarily due to redemption of COPs and reduction of revenue bonds.

CHANGE IN NET POSITION

While the statements of net position display the Board's assets, liabilities and net position at year-end, the statements of revenues, expenses, and changes in net position provide information on the source of the change in net position during the year. Net position increased $105.1 million in 2012 consisting of income before capital contributions of $68.4 million and capital contributions of $36.7 million. Net position increased $55.2 million in 2011 consisting of income before capital contributions of $20.6 million and capital contributions of $34.6 million (see Table 2 and Figure 5).

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

	Years Ended December 31,			2012 - 2011		2011 - 2010	
	2012	2011	2010	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Operating revenues	**$ 282,557**	$ 249,128	$ 233,507	$ 33,429	13%	$ 15,621	7%
Nonoperating revenues	**9,115**	8,887	10,436	228	3	(1,549)	(15)
Total revenues	**291,672**	258,015	243,943	33,657	13	14,072	6
Operating expenses	**201,410**	208,173	205,022	(6,763)	(3)	3,151	2
Nonoperating expenses	**21,873**	29,278	35,275	(7,405)	(25)	(5,997)	(17)
Total expenses	**223,283**	237,451	240,297	(14,168)	(6)	(2,846)	(1)
Income before capital contributions	**68,389**	20,564	3,646	47,825	233	16,918	(464)
Capital contributions	**36,706**	34,685	27,803	2,021	6	6,882	25
Increase in net position	**105,095**	55,249	31,449	49,846	90	23,800	76
Beginning net position	**1,638,058**	1,582,809	1,551,360	55,249	3	31,449	2
Ending net position	**$ 1,743,153**	$ 1,638,058	$ 1,582,809	$ 105,095	6	$ 55,249	3

There was ***operating income*** (operating revenues less operating expenses—not reflected in Table 2, see *Statements of Revenues, Expenses and Changes in Net Position*) of $81.1 million in 2012, compared to $41.0 million in 2011 and $28.5 million in 2010 (see Figure 3).

There was ***income before capital contributions*** of $68.4 million in 2012 compared to $20.6 million in 2011 and $3.6 million in 2010 (see Figure 4).

Figure 3 - Operating Income

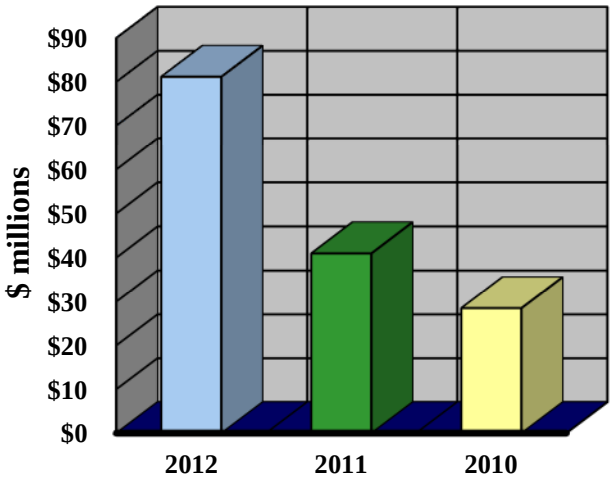


Figure 4 - Income before Capital Contributions

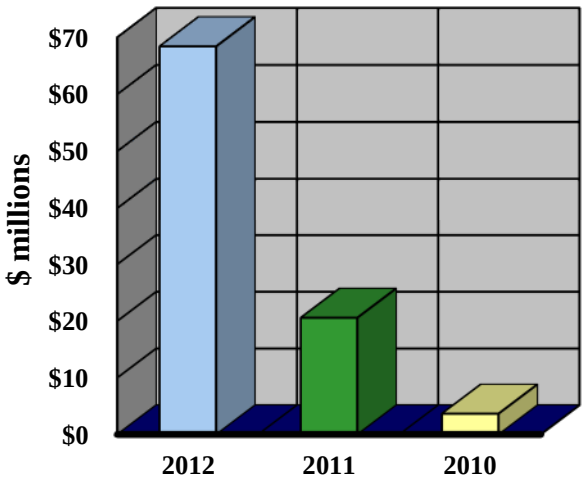
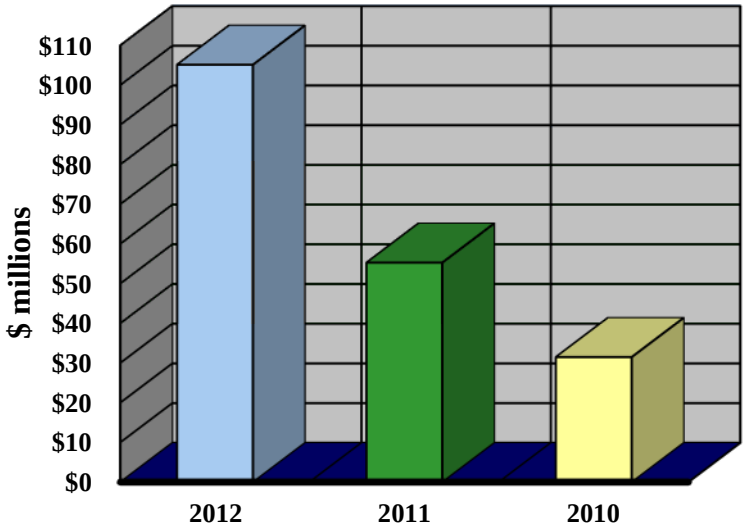


Figure 5 - Increase in Net Position



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

- **OPERATING REVENUES** in 2012 increased $33.4 million, or 13% from 2011. They increased $15.6 million, or 7% between 2011 and 2010 (see Figure 6 and Table 3).

Figure 6 - Operating Revenues

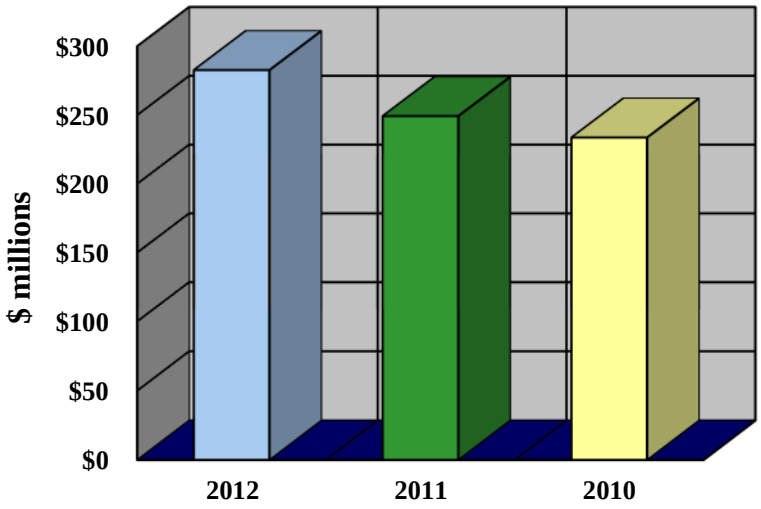


Table 3 - Operating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2012 - 2011 Increase (Decrease)	2012 - 2011 % Change	2011 - 2010 Increase (Decrease)	2011 - 2010 % Change
	2012	2011	2010				
Water:							
Water sales	**$ 271,575**	$ 239,186	$ 224,489	$ 32,389	14%	$ 14,697	7%
Power generation and other:							
Power sales	**4,308**	4,856	4,000	(548)	(11)	856	21
Special assessments	**6,674**	5,086	5,018	1,588	31	68	1
	10,982	9,942	9,018	1,040	10	924	10
Total operating revenues	**$ 282,557**	$ 249,128	$ 233,507	$ 33,429	13	$ 15,621	7

Highlighted items in yellow are discussed below.

Water sales in 2012 increased due to a 7% increase in water sold (80.364 billion gallons sold in 2012 compared to 75.182 billion gallons sold in 2011) plus a rate increase effective January 1, 2012, designed to increase overall total system water rate revenue by 5.5%. Changes in water consumption from year to year are generally directly related to changes in temperature, and inversely related to changes in precipitation, except for mandatory drought restrictions. 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 2011 increased due to a rate increase effective March 3, 2011, designed to increase overall total system water rate revenue by 9.5%, partially offset by a 3% decrease in water sold (75.182 billion gallons sold in 2011 compared to 77.244 billion gallons sold in 2010).

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.

- **NONOPERATING REVENUES** in 2012 increased $0.2 million, or 3% from 2011. They decreased $1.5 million, or 15% between 2011 and 2010 (see Table 4).

Table 4 - Nonoperating Revenues
(amounts expressed in thousands)

	Years Ended December 31,			2012 - 2011		2011 - 2010	
	2012	2011	2010	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Investment income	**$ 1,451**	$ 1,201	$ 1,336	$ 250	21%	$ (135)	(10)%
Other nonoperating income	**7,664**	7,686	9,100	(22)	(0)	(1,414)	(16)
Total nonoperating revenues	**$ 9,115**	$ 8,887	$ 10,436	$ 228	3	$ (1,549)	(15)

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 on assets (financial and nonfinancial), changes in fair market values of financial assets, and changes in average investment balances.

Other nonoperating income decreased in 2012 primarily due to cessation of the federal subsidies received for the early retiree reimbursement program under the Affordable Care Act. They decreased in 2011 due to a settlement of a legal liability in 2010, offset by subsidies received from the federal government for the early retiree reimbursement program.

- **OPERATING EXPENSES** in 2012 decreased $6.8 million, or 3% from 2011. They increased $3.2 million, or 2% between 2011 and 2010 (see Figures 7, 8, 9 and Table 5).

Figure 7 - Total Operating Expenses

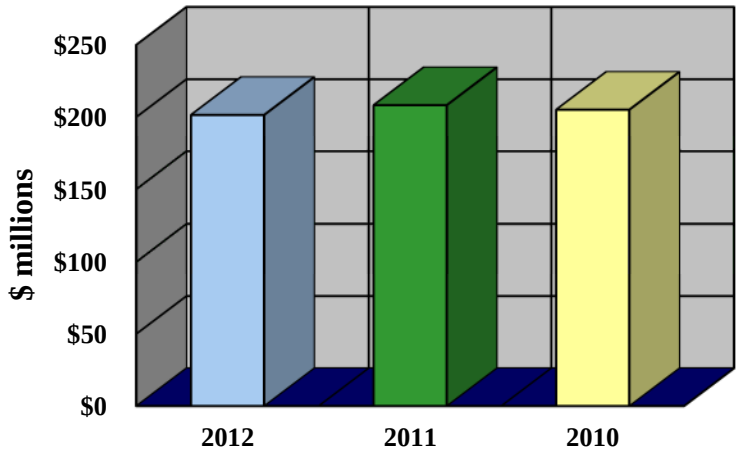
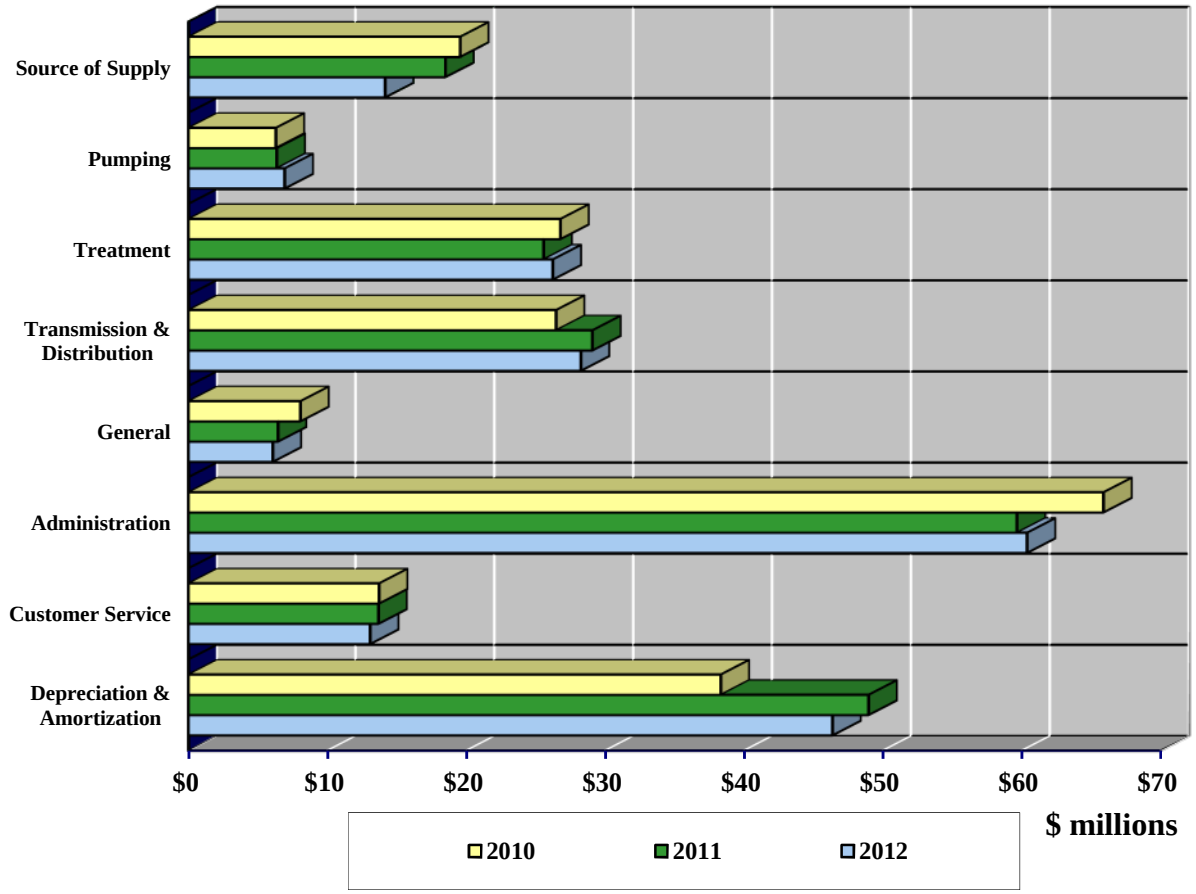


Table 5 - Operating Expenses by Category
(amounts expressed in thousands)

	Years Ended December 31,			2012 - 2011		2011 - 2010	
	2012	2011	2010	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Source of supply	**$ 14,155**	$ 18,493	$ 19,554	$ (4,338)	(23)%	$ (1,061)	(5)%
Pumping	**6,915**	6,343	6,280	572	9	63	1
Treatment	**26,222**	25,557	26,770	665	3	(1,213)	(5)
Transmission & distribution	**28,250**	29,073	26,457	(823)	(3)	2,616	10
General	**6,062**	6,435	8,048	(373)	(6)	(1,613)	(20)
Administrative	**60,371**	59,642	65,878	729	1	(6,236)	(9)
Customer service	**13,072**	13,669	13,713	(597)	(4)	(44)	(0)
Depreciation and amortization	**46,363**	48,961	38,322	(2,598)	(5)	10,639	28
Total operating expenses	**$ 201,410**	$ 208,173	$ 205,022	$ (6,763)	(3)	$ 3,151	2

Highlighted items in yellow are discussed below.

Figure 8 - Operating Expenses by Category



Major changes were as follows:

2012
Source of Supply – Decreased primarily due to decreased expenditures for removing sedimentation at Strontia Springs.

Depreciation & Amortization - Decreased due to the 2011 revision in the asset lives of Electronic-Receiver-Transmitter ("ERT") devices from 30 years to 10 years.

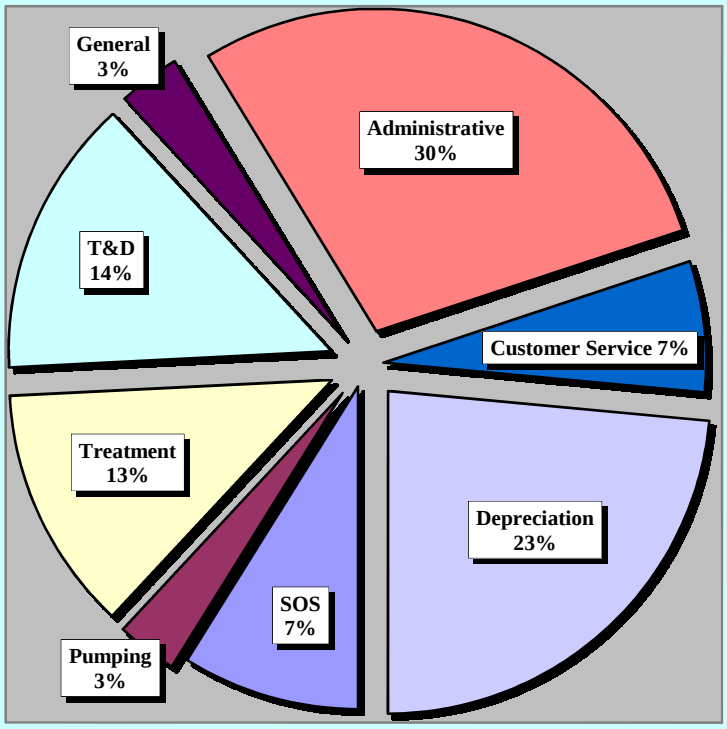
2011
Transmission & Distribution – Increased due to increased maintenance on conduits and mains.

General – Decreased due to reduced expenses in Safety and Security.

Administrative – Decreased due to reduced expenses in Engineering (primarily Programs and Projects) and Public Affairs (primarily Conservation).

Depreciation and amortization – Increased primarily due to a revision in the asset lives of Electronic-Receiver-Transmitter ("ERT") devices from 30 years to 10 years.

Figure 9 - Operating Expense Categories as a Percent of Total Operating Expenses - 2012



- **NONOPERATING EXPENSES** in 2012 decreased $7.4 million, or 25% from 2011. They decreased $6.0 million, or 17% between 2011 and 2010 (see Table 6).

Table 6 - Nonoperating Expenses
(amounts expressed in thousands)

	Years Ended December 31,			2012 - 2011 Increase (Decrease)	2012 - 2011 % Change	2011 - 2010 Increase (Decrease)	2011 - 2010 % Change
	2012	2011	2010				
Interest expense	**$ 14,217**	$ 17,719	$ 16,630	$ (3,502)	(20)%	$ 1,089	7%
Loss on disposition of capital assets	**4,331**	6,011	15,533	(1,680)	(28)	(9,522)	(61)
Other nonoperating expense	**3,325**	5,548	3,112	(2,223)	(40)	2,436	78
Total nonoperating expenses	**$ 21,873**	$ 29,278	$ 35,275	$ (7,405)	(25)	$ (5,997)	(17)

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.

Loss on disposition of capital assets during 2012 was primarily the result of the write-off of Capitol Hill Pump Station, Encoder-Receiver-Transmitter Devices (ERTs), and other obsolete assets.

The loss during 2011 was the result of main/hydrant retirements as a result of the pipe rehabilitation program and write-offs of obsolete assets.

Other nonoperating expense decreased in 2012 due to the $2.1 million Littleton payment in 2011. They increased in 2011 due to a $2.1 million payment to Littleton to convert their total service contract with Denver Water.

- **CAPITAL CONTRIBUTIONS** in 2012 increased $2.0 million, or 6% from 2011. They increased $6.9 million, or 25% between 2011 and 2010 (see Table 7).

Table 7 - Capital Contributions
(amounts expressed in thousands)

	Years Ended December 31,			2012 - 2011 Increase (Decrease)	2012 - 2011 % Change	2011 - 2010 Increase (Decrease)	2011 - 2010 % Change
	2012	2011	2010				
Contributions in aid of construction	**$ 17,163**	$ 17,239	$ 10,861	$ (76)	(0)%	$ 6,378	59%
System development charges	**19,543**	17,446	16,942	2,097	12	504	3
Total capital contributions	**$ 36,706**	$ 34,685	$ 27,803	$ 2,021	6	$ 6,882	25

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.

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.

CAPITAL ASSET ACTIVITY

The Board's capital assets at December 31, 2012 and 2011 amounted to $1.955 billion and $1.880 billion, net of accumulated depreciation and amortization, respectively. Capital asset additions in 2012 and 2011 were $128.3 million and $113.1 million, respectively, an increase of $15.2 million or 13%. Major projects were as follows (see Table 8):

Table 8 - Capital Additions
Year Ended December 31, 2012
(amounts expressed in thousands)

Distribution Mains & Hydrants	$	31,223
Treated Water Conduits		26,951
Gravel Pits		10,054
Elizabeth Street Pump Station		8,739
Wynetka Decnetralization Station		5,239
Capitalization Software & IT Projects		4,583
Encoder Receiver Transmitter Device (ERT)		4,366
Williams Fork Reservoir		4,004
Harriman Lake		3,525
Lonetree Reservoir		3,082
Motor Vehicles & Heavy Equipment		2,539
Platte Canyon Reservoir		2,436
Gross Reservoir		2,014
Cheesman Reservoir		1,977
Ashland Reservoir		1,871
Water Rights		1,261
Foothills Treatment Plant		1,222
Broomfield Pump Station		1,150
Vasquez St Louis		1,038
Other		11,003
	$	128,277

Information on the Board'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

In 2012, the Board issued $36,555,000 in Series 2012A Water Revenue Bonds dated May 22, 2012 to be used for the purpose of funding capital improvements to the water works system. The Board also issued $108,545,000 in Series 2012B and $8,665,000 in Series 2012C Water Refunding Revenue Bonds dated June 26, 2012 to be used for the purpose of advance refunding previously issued bonds to achieve present value savings.

Information on the Board's long-term debt can be found in Notes 6, 7 and 9 to the basic financial statements and Exhibits II-A through II-E of the supplemental financial information.

SUBSEQUENT EVENTS - DROUGHT

The Board has evaluated subsequent events through April 5, 2013, which is the date the basic financial statements were available to be issued. At its March 27, 2013, meeting the Board adopted a resolution declaring a Stage 2 drought, which establishes mandatory watering restrictions beginning April 1, 2013, and a temporary drought pricing structure. This may result in a significant decrease in water revenue. In response, the Board plans to cut operating expenses, defer projects, and tap cash reserves to help balance finances through the drought.

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 Position
December 31, 2012 and 2011
(Amounts expressed in thousands)

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash	$ 27,752	$ 25,497
Short-term investments, at fair value, including accrued interest	121,653	112,966
Restricted investments - debt service	12,274	13,746
Accounts receivable	19,963	19,399
Materials and supplies inventory, at weighted average cost	7,572	9,485
Prepaid expenses	388	470
Total current assets	189,602	181,563
NONCURRENT ASSETS:		
Capital assets:		
Utility plant	2,474,265	2,357,328
Nonutility plant	9,097	8,327
	2,483,362	2,365,655
Less accumulated depreciation and amortization	(679,949)	(649,156)
	1,803,413	1,716,499
Utility plant under capital lease, less accumulated amortization of $9,583 and $9,022, respectively	33,397	33,958
Construction in progress	117,862	129,770
Net capital assets	1,954,672	1,880,227
Other noncurrent assets:		
Long-term investments	61,667	32,421
Prepaid expenses and other assets	10,102	8,020
Long-term receivable	18,495	15,433
Total other noncurrent assets	90,264	55,874
Total noncurrent assets	2,044,936	1,936,101
Total assets	2,234,538	2,117,664
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	5,122	-

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Statements of Net Position
December 31, 2012 and 2011
(Amounts expressed in thousands)

	2012	2011
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 13,538	$ 10,450
Accrued payroll, vacation and other employee benefits	13,436	16,081
Construction contracts (including retainages of $5,352 and $4,395, respectively)	11,267	9,873
Accrued interest on long-term debt	1,436	1,973
Current portion of bonds payable:		
General obligation bonds	501	1,595
Revenue bonds	24,455	14,560
Current portion of obligations under capital lease	1,854	1,735
Total current liabilities	66,487	56,267
NONCURRENT LIABILITIES:		
Bonds payable, net:		
General obligation bonds	-	22,068
Revenue bonds	392,558	358,255
Obligation under capital lease	15,577	17,431
Customer advances for construction	3,389	8,730
Accrued sick leave	4,220	4,273
Other postemployment benefits	10,774	9,169
Waste disposal closure and postclosure care	3,502	3,413
Total noncurrent liabilities	430,020	423,339
Total liabilities	496,507	479,606
COMMITMENTS AND CONTINGENCIES		
NET POSITION		
Net investment in capital assets	1,513,582	1,454,710
Restricted for debt service	12,274	13,746
Unrestricted	217,297	169,602
Total net position	$ 1,743,153	$ 1,638,058

See accompanying notes to basic financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Statements of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2012 and 2011
(Amounts expressed in thousands)

	2012	2011
OPERATING REVENUES:		
Water	$ 271,575	$ 239,186
Power generation and other	10,982	9,942
Total operating revenues	282,557	249,128
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	75,542	79,466
General and administrative	66,433	66,077
Customer service	13,072	13,669
Depreciation and amortization	46,363	48,961
Total operating expenses	201,410	208,173
OPERATING INCOME	81,147	40,955
NONOPERATING REVENUES (EXPENSES):		
Investment income	1,451	1,201
Interest expense, less capitalized interest of $3,522 and $3,002, respectively	(14,217)	(17,719)
Loss on disposition of capital assets	(4,331)	(6,011)
Other income	7,664	7,686
Other expense	(3,325)	(5,548)
Total nonoperating expenses, net	(12,758)	(20,391)
INCOME BEFORE CAPITAL CONTRIBUTIONS	68,389	20,564
CAPITAL CONTRIBUTIONS:		
Contributions in aid of construction	17,163	17,239
System development charges	19,543	17,446
Total capital contributions	36,706	34,685
INCREASE IN NET POSITION	105,095	55,249
NET POSITION:		
Beginning of year	1,638,058	1,582,809
End of year	$ 1,743,153	$ 1,638,058

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, 2012 and 2011
(Amounts expressed in thousands)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 278,931	$ 248,026
Payments to employees	(98,897)	(93,654)
Payments to suppliers	(52,972)	(67,587)
Other receipts	7,664	7,686
Other payments	(3,654)	(5,617)
Net cash provided by operating activities	131,072	88,854
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction ("CIAC") and prepaid CIAC	2,230	7,024
Proceeds from system development charges ("SDC") and prepaid SDC	19,543	14,233
Proceeds from sales of capital assets	581	410
Proceeds from long-term revenue bonds, net	40,194	-
Acquisition of capital assets	(111,900)	(103,045)
Principal payments for long-term bonds	(17,715)	(10,370)
Retirements of long-term bonds	(5,265)	-
Principal payments for capital lease obligations	(1,735)	(23,254)
Interest paid (includes capitalized interest of $3,522 and $3,002, respectively)	(19,740)	(22,335)
Net cash used for capital and related financing activities	(93,807)	(137,337)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	150,152	165,545
Interest received from investments	1,165	1,762
Purchases of investments	(186,327)	(111,460)
Net cash (used for) provided by investing activities	(35,010)	55,847
NET INCREASE IN CASH	2,255	7,364
CASH, AT BEGINNING OF YEAR	25,497	18,133
CASH, AT END OF YEAR	$ 27,752	$ 25,497

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Statements of Cash Flows
Years ended December 31, 2012 and 2011
(Amounts expressed in thousands)

	2012	2011
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 81,147	$ 40,955
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other nonoperating revenues	9,511	9,280
Other nonoperating expenses	(3,654)	(5,617)
Depreciation and amortization of capital assets	46,363	48,961
Change in assets and liabilities-		
Accounts receivable and long-term receivable	(3,626)	(1,102)
Materials and supplies inventory	1,247	(997)
Prepaid expenses - current	82	(19)
Prepaid expenses and other assets - noncurrent	(2,082)	(2,571)
Accounts payable	3,088	(717)
Accrued payroll, vacation and other employee benefits; and accrued sick leave	(2,698)	68
Other postemployment benefits	1,605	594
Waste disposal closure and postclosure care	89	19
Net cash provided by operating activities	$ 131,072	$ 88,854
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through contributions in aid of construction	$ 16,225	$ 12,188
Assets acquired through system development charges	-	3,213
Increase (decrease) in fair value of investments	294	(465)
Loss on disposition of capital assets	(4,331)	(6,011)
Bond proceeds received by escrow agent on behalf of the Board and other	132,085	-
Bond payments made by escrow agent on behalf of the Board and other	(128,263)	-

See accompanying notes to basic financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Notes to Basic Financial Statements
December 31, 2012 and 2011

(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*, No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and No. 61, *The Financial Reporting Entity: Omnibus,* the Board is classified as a special-purpose "other stand-alone government." A special-purpose other stand-alone government is defined as a legally separate governmental organization that (a) does not have a separately elected governing body and (b) does not meet the definition of a component unit because it does not have a financial benefit or burden relationship with a primary government.

The Board is a "related organization" in the City's financial reporting entity. A related organization is defined as an organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relationship) even though the primary government appoints a voting majority of the organization's governing board.

The Board has no component units as defined in GASB Statements No. 14, 39, and 61.

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 statements of net position, 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.

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 Position and Flow Assumption for Restricted Net Position

Restricted net position consists of the revenue bonds debt service reserve fund included in temporary cash investments. It is used to pay principal and interest on the revenue bonds as they become due. The restricted fund is used for its intended purpose before unrestricted funds.

F. Cash

The definition of cash for purposes of the statements of cash flows is cash on deposit in the City 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. There were no inactive development costs that will be used in connection with future construction activities at December 31, 2012 and 2011.

Interest during the construction period is capitalized on major construction projects. Certain applicable general and administrative costs of an overhead nature are allocated to specific projects and 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 statements of revenues, expenses, and changes in net position, 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 13, *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 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%.

On September 28, 2011, the Board approved a water rate increase, effective January 1, 2012, designed to increase overall total system water rate revenue by 5.5%.

On September 26, 2012, the Board approved a water rate increase, effective January 1, 2013, designed to increase overall total system water rate revenue by 2.5%.

System Development Charges ("SDC")

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%.

On October 26, 2011, the Board approved an SDC increase, effective February 1, 2012, designed to increase treated water, raw, and recycled water tap fees by an average of 4.2%.

On February 27, 2013, the Board approved an SDC increase, effective April 28, 2013, designed to increase treated water, raw, and recycled water tap fees by an average of 10%.

N. Recently Issued Accounting Standards

The following are GASB statements that impacted the Board in 2012:

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus.* Although effective in 2013, the City early implemented this statement in 2012 and concluded that the Board is no longer a component unit of the City. Thus, the Board is a special-purpose stand-alone government.

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement requires the reporting of deferred inflows and deferred outflows of resources in separate sections of the *Statements of Net Position*, which were renamed from the *Statements of Net Assets*. The implementation of this statement had no effect on the Board's net position for 2012 or 2011.

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Although effective in 2013, the Board early implemented this statement in 2012. The primary effect was to reclassify the deferred amount on refunding of debt of $5.1 million and $0 to the new line item *Deferred Outflows of Resources,* instead of a reduction of the revenue bonds, on the *Statements of Net Position,* as of December 31, 2012 and 2011, respectively.

There were no GASB statements that became effective in 2011 that impacted the Board.

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 the 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, 2012 and 2011, and their maturities were as follows:

Current and Long-Term Investments
December 31, 2012
(amounts expressed in thousands)

Investment Type	Weighted average maturity (days)	Percent of Portfolio *	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5
Securities					
U.S. Treasuries	245	53.1%	$ 103,839	$ 92,714	$ 11,125
U.S. agencies	901	14.6	28,499	48	28,451
Commercial paper	104	4.3	8,495	8,495	-
Corporate fixed income	753	13.5 **	26,399	4,308	22,091
Total securities		85.5	167,232	105,565	61,667
Non-Securities					
Repurchase agreement	1	4.8	9,346	9,346	-
Money market funds	1	9.7	19,016	19,016	-
Total non-securities		14.5	28,362	28,362	-
Total investments		100.0%	$ 195,594	$ 133,927	$ 61,667

*Based on investment portfolio excluding cash deposits.
**Corporate fixed income is 9% of the investment porfolio including cash deposits.

Current and Long-Term Investments
December 31, 2011
(amounts expressed in thousands)

Investment Type	Weighted average maturity (days)	Percent of Portfolio *	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5
Securities					
U.S. Treasuries	265	36.1%	$ 57,439	$ 33,747	$ 23,692
U.S. agencies	318	13.3	21,171	17,184	3,987
Commercial paper	68	8.8	13,983	13,983	-
Corporate fixed income	308	10.4	16,559	11,817	4,742
Total securities		68.6	109,152	76,731	32,421
Non-Securities					
Securities sales receivable	1	3.8	6,030	6,030	-
Repurchase agreement	1	27.3 **	43,525	43,525	-
Money market funds	1	0.3	426	426	-
Total non-securities		31.4	49,981	49,981	-
Total investments		100.0%	$ 159,133	$ 126,712	$ 32,421

*Based on investment portfolio excluding cash deposits.
**Repurchase agreements are 23% of the investment porfolio including cash deposits.

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, 2012 and 2011, all commercial paper held in the portfolio was rated A1+ by S&P, and/or P1 by Moody's. All corporate fixed income securities held as of December 31, 2011 were rated AA+ or better by S&P or Aa2 or better by Moody's. As of December 31, 2012, $7.7 million in fixed income securities were rated below the minimum purchase rating. These securities will be held to their maturity dates which range between January and June 2013. Money market funds were rated AAAm as of December 31, 2012 and 2011.

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 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 U.S. Government does not guarantee, directly or indirectly, the securities of the FHLB, FNMA or FHLMC.

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, calculated as a percentage of total cash and investments, set forth by the Board in the Investment Policy in effect for 2012 and 2011:

Maximum Concentrations, Any One Issuer
December 31, 2012 and 2011

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%

*Based on investment portfolio including cash deposits.

As of December 31, 2012 and 2011, there were no investments exceeding the limits of the respective policies.

As of December 31, 2012, the Board had 10.8% of the portfolio invested in FNMA, 5.0% in FHLMC, 0.0% in FHLB and 1.2% in FFCB. As of December 31, 2011, the Board had 4.3% of the portfolio invested in FNMA, 2.6% in FHLMC, 7.0% in FHLB, and 4.4% in FFCB. All of these securities were rated AA+ or better by S&P and Aaa by Moody's as of December 31, 2012 and 2011.

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, 2012 and 2011

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, 2012 and 2011 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, 2012		December 31, 2011	
Total Accounts Receivable				
Current				
Water sales	$ 17,194	86%	$ 16,029	83%
Other	2,769	14	3,370	17
	$ 19,963	100%	$ 19,399	100%
Long-term	$ 18,495		$ 15,433	
From the City and County of Denver (included above)				
Current				
Water sales	$ 457		$ 276	
Other	1,506		1,406	
	1,963		1,682	
Long-term	6,395		5,821	
	$ 8,358		$ 7,503	

(4) CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2012 and 2011 were as follows:

Capital Assets
Year Ended December 31, 2012
(amounts expressed in thousands)

	December 31, 2011	Additions & Transfers	Sales & Retirements	December 31, 2012
Capital assets not being depreciated:				
Land and land rights	$ 114,149	$ 961	$ (3)	$ 115,107
Water rights and other	74,100	61	-	74,161
Construction in progress	129,770	(10,705)	(1,203)	117,862
Total capital assets not being depreciated	318,019	(9,683)	(1,206)	307,130
Capital assets being depreciated:				
Buildings and improvements	236,538	18,775	(517)	254,796
Improvements other than buildings	1,761,486	115,856	(16,979)	1,860,363
Machinery and equipment	222,362	3,329	(3,776)	221,915
Total capital assets being depreciated	2,220,386	137,960	(21,272)	2,337,074
Less accumulated depreciation:				
Buildings and improvements	(63,781)	(4,530)	95	(68,216)
Improvements other than buildings	(501,992)	(32,055)	14,027	(520,020)
Machinery and equipment	(92,405)	(11,625)	2,734	(101,296)
Total accumulated depreciation	(658,178)	(48,210)	16,856	(689,532)
Total capital assets being depreciated, net	1,562,208	89,750	(4,416)	1,647,542
Total capital assets, net	$ 1,880,227	$ 80,067	$ (5,622)	$ 1,954,672

Capital Assets
Year Ended December 31, 2011
(amounts expressed in thousands)

	December 31, 2010	Additions & Transfers	Sales & Retirements	December 31, 2011
Capital assets not being depreciated:				
Land and land rights	$ 113,473	$ 676	$ -	$ 114,149
Water rights and other	70,033	4,067	-	74,100
Construction in progress	110,483	22,155	(2,868)	129,770
Total capital assets not being depreciated	293,989	26,898	(2,868)	318,019
Capital assets being depreciated:				
Buildings and improvements	224,496	12,166	(124)	236,538
Improvements other than buildings	1,698,311	77,323	(14,148)	1,761,486
Machinery and equipment	231,107	(3,316) *	(5,429)	222,362
Total capital assets being depreciated	2,153,914	86,173	(19,701)	2,220,386
Less accumulated depreciation:				
Buildings and improvements	(59,093)	(4,766)	78	(63,781)
Improvements other than buildings	(475,222)	(35,332)	8,562	(501,992)
Machinery and equipment	(86,676)	(10,440)	4,711	(92,405)
Total accumulated depreciation	(620,991)	(50,538)	13,351	(658,178)
Total capital assets being depreciated, net	1,532,923	35,635	(6,350)	1,562,208
Total capital assets, net	$ 1,826,912	$ 62,533	$ (9,218)	$ 1,880,227

*Represents assets previously classified as Machinery and equipment and transferred to Improvements other than buildings.

Depreciation and amortization for the years ended December 31, 2012 and 2011 were as follows:

Depreciation and Amortization
(amounts expressed in thousands)

	Years Ended December 31, 2012	2011
Operating expenses, water service	$ 46,363	$ 48,961
Nonoperating expenses	153	124
Other, as allocated	1,694	1,469
Total depreciation and amortization	48,210	50,554
Less amortization of plant-related studies included in deferred charges	-	(16)
Total increase in accumulated depreciation of property, plant and equipment	$ 48,210	$ 50,538

Major retirements during 2012 were the result of the write-off of Capitol Hill Pump Station, Encoder-Receiver-Transmitter Devices (ERTs), and other obsolete assets. Major retirements during 2011 were the result of main/hydrant retirements as a result of the pipe rehabilitation program and write-offs of obsolete assets.

(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 a large deductible policy whereby the Board is responsible for the first $250,000 per claim with an aggregate maximum cost of $2.6 million. In addition, the Board is at times 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. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2012 and 2011, claims liabilities consisting of medical, dental and vision benefits; and legal claims were $1,433,000 and $1,327,000, respectively. Changes in the balances of these liabilities during 2012 and 2011 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
2012	$ 1,327	$ 11,802	$ (11,696)	$ 1,433
2011	1,294	11,917	(11,884)	1,327

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 Position.* 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. The coupon rate for the general obligation bond outstanding at December 31, 2012 is 5.5%, and the coupon rates for those outstanding at December 31, 2011 range from 3.5% to 5.6%. The weighted average yield to maturity at issue for outstanding bonds was 5.30% and 5.04% for the years ended December 31, 2012 and 2011, respectively.

On March 1, 2012, the Board called all outstanding Series 2001A general obligation water refunding bonds in the amount $4.3 million. On April 1, 2012, the Board called all outstanding Series 2000 general obligation water refunding bonds in the amount of $1.0 million.

Also, as described below, on June 26, 2012, the Board issued revenue bonds to refund a portion of the general obligation bonds then outstanding.

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

A summary of debt maturity for the general obligation bonds as of December 31, 2012 is as follows:

General Obligation Bonds
December 31, 2012
(amounts expressed in thousands)

	Principal	Interest	Total
Year of Maturity:			
Current:	$ 500	$ 28	$ 528
Plus premium	1	-	1
	$ 501	$ 28	$ 529

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, 2012 and 2011 range from 0.75% to 6.15%, and 0.75% to 6.15%, respectively. The weighted average yield to maturity at issue for outstanding bonds was 2.82% and 3.75% for the years ended December 31, 2012 and 2011, 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 $12.3 million and $13.7 million as of December 31, 2012 and 2011, respectively.

In 2012, the Board issued the Series 2012A master resolution water revenue bonds in an aggregate principal amount of $36,555,000 at a true interest cost (TIC) at sale of 3.49%, the Series 2012B master resolution water refunding revenue bonds in an aggregate principal amount of $108,545,000 at TIC at sale of 1.61%, and the Series 2012C master resolution water refunding revenue bonds (taxable) in the aggregate principal amount of $8,665,000 at a TIC at sale of 0.75%.

The proceeds of the Series 2012A master resolution water revenue bonds were used for the extension, betterment, other improvement, and equipment of the Water Works System.

The proceeds of the Series 2012B and Series 2012C master resolution water refunding revenue bonds were advanced refunding issues. The proceeds, together with cash funds of $633,000 provided by the Board, were used to advance refund the following:

a) $11,550,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2029 maturity of the Series 1999 general obligation water refunding bonds callable on October 1, 2013.

b) $5,970,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 maturities of the Series 2002 general obligation water refunding bonds callable on October 1, 2012.

c) $48,100,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the December 1, 2013, 2014, 2015, 2016, 2017, 2018, 2019,

2020, 2021, 2022, and 2023 maturities of the Series 2003A water revenue bonds callable on June 1, 2013.

d) $37,110,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the December 1, 2013, 2014, 2015, and 2016 maturities of the Series 2003B water refunding and improvement revenue bonds callable on June 1, 2013.

e) $7,585,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the December 1, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024 maturities of the Series 2004 water refunding and improvement revenue bonds callable on December 1, 2014.

f) $13,935,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the December 1, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 maturities of the Series 2005 water revenue bonds callable on December 1, 2015.

As a result of placing the above funds 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, the bonds discussed above are considered to be defeased and the liability for these bonds has been removed from the Board's *Statements of Net Position*. The aggregate principal amount of all bonds considered defeased at December 31, 2012 was $124,250,000. There were no outstanding defeased bonds at December 31, 2011.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt ("deferred amount on refunding") of $5,282,000. This difference, reported in the accompanying basic financial statements as a *Deferred Outflow of Resources*, is being amortized using the straight line method as a component of interest expense through 2028. At December 31, 2012, the remaining unamortized deferred amount on refunding was $5,122,000. There was no unamortized deferred amount on refunding at December 31, 2011.

The Board completed the advance refundings to reduce its total debt service payments and to obtain an economic gain (difference between the present values of the old and new debt service payments). The reduction in total debt service requirements over the next 28 years is $27,669,000, with an economic gain of $20,969,000.

A summary of debt maturity for the revenue bonds as of December 31, 2012 is as follows:

Revenue Bonds
December 31, 2012
(amounts expressed in thousands)

	Principal	Interest*	Total
Year of Maturity:			
Current:	$ 24,455	$ 18,231	$ 42,686
Long-term:			
2014	26,090	17,231	43,321
2015	27,000	16,146	43,146
2016	19,290	14,968	34,258
2017	13,420	14,039	27,459
2018-2022	64,565	61,846	126,411
2023-2027	62,420	47,048	109,468
2028-2032	60,360	33,187	93,547
2033-2037	73,845	18,471	92,316
2038-2041	29,975	3,044	33,019
	376,965	225,980	602,945
Plus premium	15,593	-	15,593
Total long-term	392,558	225,980	618,538
	$ 417,013	$ 244,211	$ 661,224

*Excludes Build America Bonds interest subsidy. Amounts received during 2012 and 2011 were $2,344,168 and $2,616,000, respectively. The Board is eligible to receive $44 million over the remaining life of the bonds.

(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 leased 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 were payable solely from the Board's lease payments under the MLPA. DCLC had 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 was subject to termination on an annual basis by

the Board, upon which any outstanding COPs would 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. On November 15, 2011, the Board called and redeemed all outstanding COPs in the amount of $9,625,000. The related assets were transferred to utility plant and the related reserve fund was released to the Board by the trustee.

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, 2012	December 31, 2011
Improvements other than buildings	$ 42,980	$ 42,980
Less: accumulated amortization	(9,583)	(9,022)
	$ 33,397	$ 33,958

Minimum capital lease payments were $3,000,000 during both 2012 and 2011. 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, 2012:

Obligation Under Capital Lease - Wolford Mountain
As of December 31, 2012
(amounts expressed in thousands)

Year Ending December 31:	
2013	$ 3,000
2014	3,000
2015	3,000
2016	3,000
2017	3,000
2018-2020	7,500
Total minimum lease payments	22,500
Less interest at 6.75%	(5,069)
Present value of minimum lease payments (obligation under capital lease)	17,431
Less current portion	(1,854)
Total long-term	$ 15,577

Operating Leases

The Board is committed under various cancellable operating leases for property and equipment. Lease expenses for the years ended December 31, 2012 and 2011 were $635,000 and $1,056,000, respectively. The Board expects these leases to be replaced in the ordinary course of business with similar leases. Future lease payments should approximate the amount expensed in 2012.

(8) 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 $3.5 million was reported as *Waste Disposal Closure and Postclosure Care* liability in the *Statements of Net Position*, at December 31, 2012 and 2011 for the two sites as follows:

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

	Foothills	Ralston	Total
2012			
Closure Costs	$ 111	$ 1,618	$ 1,729
Postclosure Care Costs	398	1,375	1,773
	$ 509	$ 2,993	$ 3,502
2011			
Closure Costs	$ 108	$ 1,577	$ 1,685
Postclosure Care Costs	388	1,340	1,728
	$ 496	$ 2,917	$ 3,413

These costs are based on the use of 23% of the active portion of the Foothills landfill at December 31, 2012 and 2011, and 100% of the Ralston drying beds for both years. The Board will recognize the remaining estimated cost of the Foothills postclosure care of $1,331,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. 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.

(9) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2012 and 2011 were as follows:

Long-Term Liabilities
Year Ended December 31, 2012
(amounts expressed in thousands)

	December 31, 2011 (Current and Long-Term)	2012 Additions	2012 Reductions	December 31, 2012 (Current and Long-Term)	Due Within One Year	
G. O. bonds payable, net	$ 23,663	$ -	$ (23,162)	$ 501	$ 501	
Revenue bonds payable, net	372,815	172,279	(128,081)	417,013	24,455	
Obligation under capital lease	19,166	-	(1,735)	17,431	1,854	
Customer advances for construction	8,730	3,684	(9,025)	3,389	-	
Accrued sick leave	7,913	307	(405)	7,815	3,595	*
Other postemployment benefits	9,169	1,605	-	10,774	-	
Waste disposal closure	3,413	89	-	3,502	-	
	444,869	$ 177,964	$ (162,408)	460,425	$ 30,405	
Less current portion	(21,530)			(30,405)		
Total long-term liabilities	$ 423,339			$ 430,020		

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

Long-Term Liabilities
Year Ended December 31, 2011
(amounts expressed in thousands)

	December 31, 2010 (Current and Long-Term)	2011 Additions	2011 Reductions	December 31, 2011 (Current and Long-Term)	Due Within One Year	
G. O. bonds payable, net	$ 27,925	$ -	$ (4,262)	$ 23,663	$ 1,595	
Revenue bonds payable, net	379,483	-	(6,668)	372,815	14,560	
Obligation under capital lease - Certificates of participation	21,630	-	(21,630)	-	-	
Obligation under capital lease - Other	20,790	-	(1,624)	19,166	1,735	
Customer advances for construction	16,069	2,800	(10,139)	8,730	-	
Accrued sick leave	7,846	402	(335)	7,913	3,640	*
Other postemployment benefits	8,575	594	-	9,169	-	
Waste disposal closure	3,394	19	-	3,413	-	
	485,712	$ 3,815	$ (44,658)	444,869	$ 21,530	
Less current portion	(27,626)			(21,530)		
Total long-term liabilities	$ 458,086			$ 423,339		

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

(10) 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, 2012 and 2011
(amounts expressed in thousands)

	2012	2011
Annual required contribution (ARC)	$ 12,256	$ 12,414
Interest on net pension asset	(420)	(196)
Adjustment to ARC	441	206
Annual pension cost	12,277	12,424
Contributions made	(14,300)	(15,400)
(Increase) decrease in net pension asset	(2,023)	(2,976)
Net pension asset - beginning of year	(5,594)	(2,618)
Net pension asset - end of year	$ (7,617)	$ (5,594)

The pension asset is recorded in *Prepaid Expenses and Other Assets* in the *Statements of Net Position*.

The Board's annual pension cost, the percentage of annual pension cost contributed to the Plan, and the net pension asset for 2012 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
2012	$ 12,277	$ 14,300	116.5%	$ 7,617
2011	12,424	15,400	124.0	5,594
2010	12,649	12,639	99.9	2,618

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was 76.5% funded. The actuarial accrued liability for benefits was $311.4 million, and the actuarial value of assets was $238.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of $73.1 million. The covered payroll (annual payroll of active employees covered by the pension plan) was $71.2 million, and the ratio of the UAAL to the covered payroll was 102.7%.

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]
1/1/12	$ 238,384	$ 311,443	$ 73,059	76.5%	$ 71,172	102.7%
1/1/11	218,757	296,269	77,512	73.8	69,927	110.8
1/1/10	228,083	301,257	73,174	75.7	70,372	104.0

Actuarial Methods and Assumptions

The required contribution was determined as part of the January 1, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses and including an inflation component of 3.0%), (b) projected salary increases ranging from 3.6% to 8.2% per year, and (c) 3.0% 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.

(11) 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 2012 and 2011, the Board made contributions totaling approximately $1,743,000 and $1,735,000, and members contributed approximately $3,827,000 and $3,695,000, respectively, to the SRSP. Employee rollovers from other plans to the SRSP were $275,000 in 2012 and $9,000 in 2011.

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.

(12) OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

a. Postemployment Healthcare Benefits

For employees hired before January 16, 2012, 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, 161 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. In January 2012, the Board discontinued its contribution for this benefit for employees hired on or after January 16, 2012. However, these employees can still access this program at the Board's cost upon meeting the Rule of 75.

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 seven 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, 2012, the Board contributed $2,073,000 to the postemployment healthcare benefits plan (approximately 76% of estimated premium equivalent costs). Retirees receiving benefits contributed $666,000, or approximately 24% of the estimated premium equivalent costs. The Board paid $85,000 in LTD benefits in 2012. For the year ended December 31, 2011, the Board contributed $1,872,000 to the postemployment healthcare benefits plan (approximately 75% of estimated premium equivalent costs). Retirees receiving benefits contributed

$631,000, or approximately 25% of the estimated premium equivalent costs. The Board paid $135,000 in LTD benefits in 2011.

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, 2012
(amounts expressed in thousands)

	Healthcare	LTD	Total
Annual required contribution (ARC)	$ 3,813	$ 28	$ 3,841
Interest on net OPEB obligation (asset)	389	(18)	371
Adjustment to ARC	(524)	25	(499)
Annual OPEB cost	3,678	35	3,713
Contributions made	(2,073)	(85)	(2,158)
Increase in net OPEB obligation (asset)	1,605	(50)	1,555
Net OPEB obligation (asset) - beginning of year	9,169	(438)	8,731
Net OPEB obligation (asset) - end of year	$ 10,774	$ (488)	$ 10,286

The LTD asset is recorded in *Prepaid Expenses and Other Assets* in the *Statements of Net Position*.

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB plan, and the net OPEB obligation for 2012 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
2012	$ 3,713	$ 2,158	58.1%	$ 10,286
2011	4,226	2,007	47.5	8,731
2010	3,718	2,367	63.7	6,512

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $33.5 million, and the actuarial value of assets was $0, resulting in an

unfunded actuarial accrued liability (UAAL) of $33.5 million. The covered payroll (annual payroll of active employees covered by the OPEB plan) was $71.2 million, and the ratio of the UAAL to the covered payroll was 47.0%.

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]
1/1/12	$ -	$ 33,450	$ 33,450	-	$ 71,172	47.0%
1/1/11	-	37,736	37,736	-	69,927	54.0
1/1/10	-	33,436	33,436	-	70,372	47.5

Actuarial Methods and Assumptions

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

In the January 1, 2012 actuarial valuation, the projected unit credit with 30-year open, level dollar amortization, actuarial cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return (net of administrative expenses and including an inflation component of 3%), which is the expected long-term investment return on the Board's investments, and an annual healthcare cost trend rate based on the Getzen Trend Model. 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.

(13) 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, 2012 and 2011
(amounts expressed in thousands)

	CIAC	SDC
Inception through December 31, 2010	$ 409,605	$ 604,616
2011 Additions	17,239	17,446
Inception through December 31, 2011	426,844	622,062
2012 Additions	17,163	19,543
Inception through December 31, 2012	$ 444,007	$ 641,605

(14) 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.

(15) CONTRACT COMMITMENTS

Contractual commitments as of December 31, 2012 for construction and other purposes totaled $169.4 million. Total projected expenditures for the 2013-2022 Ten-Year Capital Plan are $1.6 billion, net of anticipated participation and reimbursement.

The capital plan includes $284.9 million for the Moffat Collection System Project, which will increase Gross Reservoir from its current storage capacity of 41,811 acre-feet to approximately 114,000 acre-feet, an increase of approximately 72,000 acre-feet. Since four acre-feet of storage are needed for every one acre-foot of supply, the project will result in approximately 18,000 acre-feet of additional supply, enough water to serve about 45,000 households annually. The project entails increasing the current dam height from 340 feet to 465 feet, an increase of 125 feet.

The City of Arvada will participate in this project by paying a percentage of the capital costs of the enlargement based on its portion of yield created by the Gross Reservoir enlargement, and paying a System Development Charge. Assuming the enlargement will produce a yield of 18,000 acre-feet of water and Arvada contracts for its maximum allowable amount of 3,000 acre-feet of the new supply, Arvada's share of the capital costs will be 16.67% and Arvada will pay an SDC of $33,822,000.

The U.S. Army Corps of Engineers released a draft environmental impact statement ("EIS") evaluating the potential effects of this project in October 2009. A final EIS is scheduled for February 2014, followed by a public comment period before a final decision on a permit is made.

(16) NET INVESTMENT IN CAPITAL ASSETS

In the net position section of the *Statements of Net Position*, the line item *Net Investment in Capital Assets* is comprised of the following as of December 31, 2012 and 2011:

Net Investment in Capital Assets
(amounts expressed in thousands)

	December 31, 2012	December 31, 2011
Net capital assets	$ 1,954,672	$ 1,880,227
Deferred outflows of resources on bond refundings	5,122	-
Construction contracts	(11,267)	(9,873)
Bonds payable, net	(417,514)	(396,478)
Obligations under capital lease	(17,431)	(19,166)
	$ 1,513,582	$ 1,454,710

(17) SUBSEQUENT EVENTS

The Board has evaluated subsequent events through April 5, 2013, which is the date the basic financial statements were available to be issued. At its March 27, 2013, meeting the Board adopted a resolution declaring a Stage 2 drought, which establishes mandatory watering restrictions beginning April 1, 2013, and a temporary drought pricing structure. This may result in a significant decrease in water revenue. In response, the Board plans to cut operating expenses, defer projects, and tap cash reserves to help balance finances through the drought.

SUPPLEMENTAL FINANCIAL INFORMATION

EXHIBIT I

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Capital Assets
Year ended December 31, 2012
(Amounts expressed in thousands)

	Depreciation Life (Years)	Cost				Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31, 2012
		Balance, December 31, 2011	Additions and Transfers	Sales and Retirements	Balance, December 31, 2012	Balance, December 31, 2011	Provision	Sales, Retirements and Transfers	Balance, December 31, 2012	
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	$ 603,059	$ 53,292	$ (701)	$ 655,650	$ 155,920	$ 7,832	$ (317)	$ 163,435	$ 492,215
Pumping plant	20 - 80	111,259	3,628	(1,784)	113,103	24,410	2,539	(852)	26,097	87,006
Water treatment plant	20 - 80	459,888	4,776	(866)	463,798	120,064	8,987	(458)	128,593	335,205
Transmission and distribution plant	30 - 80	937,809	65,478	(794)	1,002,493	237,963	12,890	(248)	250,605	751,888
General plant and equipment	5 - 50	149,381	6,645	(2,192)	153,834	66,628	7,965	(1,966)	72,627	81,207
Leasehold and other improvements	5 - 30	81,656	4,366	(14,911)	71,111	40,778	7,284	(12,996)	35,066	36,045
Land held for future use		14,276	-	-	14,276	-	-	-	-	14,276
Total utility plant in service		2,357,328	138,185	(21,248)	2,474,265	645,763	47,497	(16,837)	676,423	1,797,842
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	8,300	797	(27)	9,070	3,372	152	(19)	3,505	5,565
General equipment	5 - 20	27	-	-	27	21	-	-	21	6
Total nonutility plant in service		8,327	797	(27)	9,097	3,393	152	(19)	3,526	5,571
UTILITY PLANT UNDER CAPITAL LEASE:										
Wolford Mountain	80	42,980	-	-	42,980	9,022	561	-	9,583	33,397
CONSTRUCTION IN PROGRESS		129,770	(10,705)	(1,203)	117,862	-	-	-	-	117,862
Total property, plant and equipment		$ 2,538,405	$ 128,277	$ (22,478)	$ 2,644,204	$ 658,178	$ 48,210	$ (16,856)	$ 689,532	$ 1,954,672

See accompanying independent auditors' report.

EXHIBIT II-A

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
General Obligation and Revenue Water Improvement and Refunding Bonds Outstanding
December 31, 2012
(Amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2012	Amount Issued	Amount Retired	Amount Outstanding	Bonds Which Are Callable: Callable Amount	Bonds Which Are Callable: Initial Date Callable
General Obligation Bonds						
Sep 15, 1999	5.50%	$ 14,530	$ (14,030)	$ 500	$ -	Oct 1, 2013
Plus premium				1		
Total General Obligation Bonds				501		
Revenue Bonds						
Nov 23, 2004	5.00%	43,655	(34,950)	8,705	-	Dec 1, 2014
Jul 12, 2005	3.625-4.25%	30,000	(21,605)	8,395	4,420	Dec 1, 2015
Mar 22, 2007A	3.00-5.00%	100,000	(2,030)	97,970	86,315	Dec 15, 2017
Jun 23, 2008A	0.75%	1,800	(600)	1,200	-	Not callable
June 2, 2009A	4.65-6.15%	44,000	-	44,000	40,255	Dec 15, 2019
Sep 28, 2010B	2.625-5.17%	90,000	-	90,000	78,990	Dec 15, 2020
May 22, 2012A	3.50-5.00%	36,555	-	36,555	32,040	Dec 15, 2021
Jun 26, 2012B	2.00-5.00%	108,545	(2,615)	105,930	16,315	Dec 15, 2021
Jun 26, 2012C	0.40-0.80%	8,665	-	8,665	8,665	Any business day
		$ 463,220	$ (61,800)	401,420	$ 267,000	
Plus premium				15,593		
Total Revenue Bonds				$ 417,013		

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, 2012
(Amounts expressed in thousands)

Year	G.O. Bond Retirements	G.O. Bond Interest	Total Debt Service
2013	$ 500	$ 28	$ 528
Plus premium	1	-	1
	$ 501	$ 28	$ 529

See accompanying independent auditors' report.

EXHIBIT II-C

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO
Summary of Revenue Bond Debt Service Requirements Outstanding
December 31, 2012
Years 2013 to 2041, inclusive
(Amounts expressed in thousands)

Year	Rev. Bond Retirements (Exhibit II-D)	Rev. Bond Interest* (Exhibit II-E)	Total Debt Service	Build America Bonds Interest Subsidy
2013	$ 24,455	$ 18,231	$ 42,686	$ 2,344
2014	26,090	17,231	43,321	2,344
2015	27,000	16,146	43,146	2,344
2016	19,290	14,968	34,258	2,344
2017	13,420	14,039	27,459	2,344
2018	12,830	13,441	26,271	2,300
2019	10,935	12,864	23,799	2,252
2020	11,810	12,398	24,208	2,196
2021	14,270	11,879	26,149	2,137
2022	14,720	11,264	25,984	2,074
2023	15,170	10,621	25,791	2,007
2024	12,455	9,954	22,409	1,935
2025	12,685	9,383	22,068	1,858
2026	10,835	8,800	19,635	1,776
2027	11,275	8,290	19,565	1,690
2028	11,745	7,746	19,491	1,599
2029	11,385	7,177	18,562	1,503
2030	11,875	6,604	18,479	1,403
2031	12,405	6,098	18,503	1,297
2032	12,950	5,562	18,512	1,186
2033	13,525	5,004	18,529	1,069
2034	14,125	4,420	18,545	948
2035	14,750	3,733	18,483	822
2036	15,385	3,030	18,415	689
2037	16,060	2,284	18,344	550
2038	9,875	1,506	11,381	406
2039	10,260	991	11,251	254
2040	7,545	456	8,001	97
2041	2,295	91	2,386	-
	401,420	244,211	645,631	
Plus premium	15,593	-	15,593	
	$ 417,013	$ 244,211	$ 661,224	$ 43,768

*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, 2012
Years 2013 to 2041, inclusive
(Amounts expressed in thousands)

Year	Series 2004 Improv/Ref	Series 2005 Improvement	Series 2007A Improvement	Series 2008A Improvement	Series 2009A Improvement	Series 2010B Improvement	Series 2012A Improvement	Series 2012B Refunding	Series 2012C Refunding	Total
2013	$ 2,755	$ 1,260	$ 2,110	$ 120	$ -	$ -	$ -	$ 15,335	$ 2,875	$ 24,455
2014	2,900	1,325	2,215	120	-	-	-	16,640	2,890	26,090
2015	3,050	1,390	2,325	120	-	-	-	17,215	2,900	27,000
2016	-		2,440	120	-	-	-	16,730	-	19,290
2017	-		2,565	120	1,215	2,670	815	6,035	-	13,420
2018	-		2,690	120	1,245	2,720	860	5,195	-	12,830
2019	-		2,825	120	1,285	2,780	900	3,025	-	10,935
2020	-		2,945	120	1,325	2,840	945	3,635	-	11,810
2021	-		3,070	120	1,370	2,910	995	5,805	-	14,270
2022	-		3,205	120	1,420	2,980	1,045	5,950	-	14,720
2023	-		3,345	-	1,475	3,055	1,095	6,200	-	15,170
2024	-	2,155	3,495	-	1,530	3,140	1,140	995	-	12,455
2025	-	2,265	3,655	-	1,595	3,230	1,185	755	-	12,685
2026	-	-	3,835	-	1,660	3,330	1,230	780	-	10,835
2027	-	-	4,030	-	1,730	3,430	1,280	805	-	11,275
2028	-	-	4,230	-	1,805	3,540	1,340	830	-	11,745
2029	-	-	4,440	-	1,885	3,660	1,400	-	-	11,385
2030	-	-	4,665	-	1,970	3,780	1,460	-	-	11,875
2031	-	-	4,900	-	2,065	3,910	1,530	-	-	12,405
2032	-	-	5,145	-	2,160	4,050	1,595	-	-	12,950
2033	-	-	5,400	-	2,265	4,190	1,670	-	-	13,525
2034	-	-	5,670	-	2,370	4,340	1,745	-	-	14,125
2035	-	-	5,955	-	2,480	4,495	1,820	-	-	14,750
2036	-	-	6,250	-	2,600	4,650	1,885	-	-	15,385
2037	-	-	6,565	-	2,720	4,815	1,960	-	-	16,060
2038	-	-	-	-	2,850	4,985	2,040	-	-	9,875
2039	-	-	-	-	2,980	5,160	2,120	-	-	10,260
2040	-	-	-	-		5,340	2,205	-	-	7,545
2041	-	-	-	-		-	2,295	-	-	2,295
	$ 8,705	$ 8,395	$ 97,970	$ 1,200	$ 44,000	$ 90,000	$ 36,555	$ 105,930	$ 8,665	$ 401,420

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, 2012
Years 2013 to 2041, inclusive
(Amounts expressed in thousands)

Year	Series 2004 Improv/Ref	Series 2005 Improvement	Series 2007A Improvement	Series 2008A Improvement	Series 2009A Improvement	Series 2010B Improvement	Series 2012A Improvement	Series 2012B Refunding	Series 2012C Refunding	Total
2013	$ 435	$ 339	$ 4,321	$ 9	$ 2,589	$ 4,110	$ 1,569	$ 4,807	$ 52	$ 18,231
2014	298	293	4,216	8	2,589	4,110	1,569	4,107	41	17,231
2015	152	243	4,105	7	2,589	4,110	1,569	3,348	23	16,146
2016	-	188	3,989	6	2,588	4,109	1,569	2,519	-	14,968
2017	-	188	3,867	5	2,588	4,109	1,569	1,713	-	14,039
2018	-	188	3,739	4	2,532	4,039	1,528	1,411	-	13,441
2019	-	188	3,604	4	2,471	3,961	1,485	1,151	-	12,864
2020	-	188	3,463	3	2,407	3,867	1,440	1,030	-	12,398
2021	-	188	3,338	2	2,337	3,768	1,393	853	-	11,879
2022	-	188	3,184	2	2,262	3,664	1,343	621	-	11,264
2023	-	188	3,024	-	2,182	3,553	1,291	383	-	10,621
2024	-	187	2,857	-	2,097	3,431	1,247	135	-	9,954
2025	-	96	2,682	-	2,009	3,300	1,201	95	-	9,383
2026	-	-	2,499	-	1,913	3,161	1,154	73	-	8,800
2027	-	-	2,308	-	1,813	3,015	1,105	49	-	8,290
2028	-	-	2,106	-	1,709	2,859	1,047	25	-	7,746
2029	-	-	1,895	-	1,601	2,694	987	-	-	7,177
2030	-	-	1,672	-	1,488	2,520	924	-	-	6,604
2031	-	-	1,533	-	1,370	2,337	858	-	-	6,098
2032	-	-	1,386	-	1,246	2,141	789	-	-	5,562
2033	-	-	1,231	-	1,116	1,939	718	-	-	5,004
2034	-	-	1,069	-	980	1,729	642	-	-	4,420
2035	-	-	821	-	838	1,510	564	-	-	3,733
2036	-	-	561	-	686	1,283	500	-	-	3,030
2037	-	-	287	-	526	1,046	425	-	-	2,284
2038	-	-	-	-	359	801	346	-	-	1,506
2039	-	-	-	-	183	543	265	-	-	991
2040	-	-	-	-	-	276	180	-	-	456
2041	-	-	-	-	-	-	91	-	-	91
	$ 885	$ 2,662	$ 63,757	$ 50	$ 47,068	$ 77,985	$ 29,368	$ 22,320	$ 116	$ 244,211

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

See accompanying independent auditors' report.

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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: 2003 - 2012

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Population served[1]	**1,147,000**	1,135,000	1,125,000	1,111,000	1,093,000	1,077,000	1,064,000	1,057,000	1,055,000	1,052,000
Total treated water consumption (million gallons)[2]	**71,968.70**	68,260.80	69,695.40	62,106.90	71,975.87	70,479.84	74,724.98	68,473.70	60,578.77	65,399.47
Average daily consumption (million gallons)	**196.64**	187.02	190.95	170.16	196.66	193.10	204.73	187.60	165.52	179.18
Average daily consumption per capita (gallons)[1]	**171**	165	170	153	180	179	192	177	157	170
Maximum daily consumption (million gallons)	**398.20**	366.40	365.81	341.80	426.16	425.70	425.68	424.80	340.92	370.05
Maximum hour treated water use rate (million gallons per day)	**628.00**	546.80	577.75	516.90	670.00	660.00	671.04	725.27	567.52	775.23
Treated water pumped (million gallons)	**39,484.10**	36,443.50	41,611.30	38,198.90	50,283.70	44,684.79	44,937.60	41,890.71	39,105.07	46,030.79
Raw water storage capacity (acre-feet)[3]	**569,534**	569,534	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]	**85,765**	117,559	151,891	138,791	122,255	168,554	113,868	154,750	119,978	144,982
Supply from Blue River/Roberts Tunnel system (acre-feet)	**54,394**	148,643	74,674	58,468	80,056	65,682	127,074	94,470	75,984	164,294
Supply from Moffat system (acre-feet)	**54,523**	93,763	76,318	79,636	88,842	85,444	83,022	63,872	59,344	84,072
Treated water pumping capacity (mgd)	**1,003.3**	1,003.3	1,095.9	1,095.9	1,097.4	1,097.4	1,096.3	1,096.3	1,077.1	1,077.1
Raw water pumping capacity (mgd)	**112.2**	112.2	112.2	112.2	112.2	112.2	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	715.0	715.0
Treated water reservoir capacity (million gallons)	**381.65**	371.65	371.65	371.65	368.65	368.65	368.65	368.65	376.65	376.65
Raw water supply mains in miles (mountain collection system)	**77.5**	77.5	76.9	77.5	77.5	77.6	77.5	77.5	77.6	77.6
Raw water supply mains in miles (metropolitan Denver area)	**47.7**	47.7	47.1	46.0	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	**3,050.1**	3,041	3,037	2,954	2,681	2,657	2,645	2,631	2,608	2,574
Recycled water transmission & distribution mains (miles)	**49.0**	45.0	44.2	35.3	36.5	36.5	32.6	31.3	31.3	23.5
Total active taps - end of year	**310,463**	309,269	309,562	310,068	309,373	308,079	306,901	304,483	301,565	299,157
Fire hydrants operated & maintained	**19,670**	19,553	19,439	19,159	19,185	15,767	15,679	15,459	14,956	14,648
Fire hydrants tested and repaired	**25,112**	26,760	21,103	18,472	25,577	27,940	30,739	32,474	32,045	32,407
Breaks in mains - Denver	**232**	313	261	220	274	247	198	242	219	231
Service leaks	**402**	385	287	329	318	879	1,043	1,452	1,204	1,117
Total employees (actual)	**1,091.0**	1,069.8	1,089.1	1,095.1	1,055.0	1,010.2	1,004.8	1,012.7	1,037.9	1,041.9
Additions to capital assets (thousands)	**$ 128,277**	$ 113,071	$ 125,816	$ 103,146	$ 101,328	$ 103,779	$ 102,458	$ 81,877	$ 71,669	$ 164,363
Total long-term debt[5] (thousands)	**$ 434,945**	$ 415,644	$ 449,828	$ 392,659	$ 381,285	$ 410,928	$ 346,114	$ 375,917	$ 372,876	$ 379,478

[1]Population estimated based on treated water customers only. Revised population from 2002 to 2010 is based on 2010 Census information.

[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 and premiums. Effective in 2012, deferred amounts on refunding are no longer included.

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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 POSITION BY COMPONENT: 2003 - 2012
(amounts expressed in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
NET POSITION:										
Net investment in capital assets	**$ 1,513,582**	$ 1,454,710	$ 1,401,820	$ 1,363,848	$ 1,319,268	$ 1,227,499	$ 1,236,642	$ 1,151,459	$ 1,109,875	$ 1,060,192
Restricted for debt service reserve funds	**12,274**	13,746	18,912	13,233	9,005	7,661	7,021	7,723	7,002	9,325
Unrestricted	**217,297**	169,602	162,077	174,279	178,243	199,493	125,988	134,323	122,579	122,727
Total net position	**$ 1,743,153**	$ 1,638,058	$ 1,582,809	$ 1,551,360	$ 1,506,516	$ 1,434,653	$ 1,369,651	$ 1,293,505	$ 1,239,456	$ 1,192,244

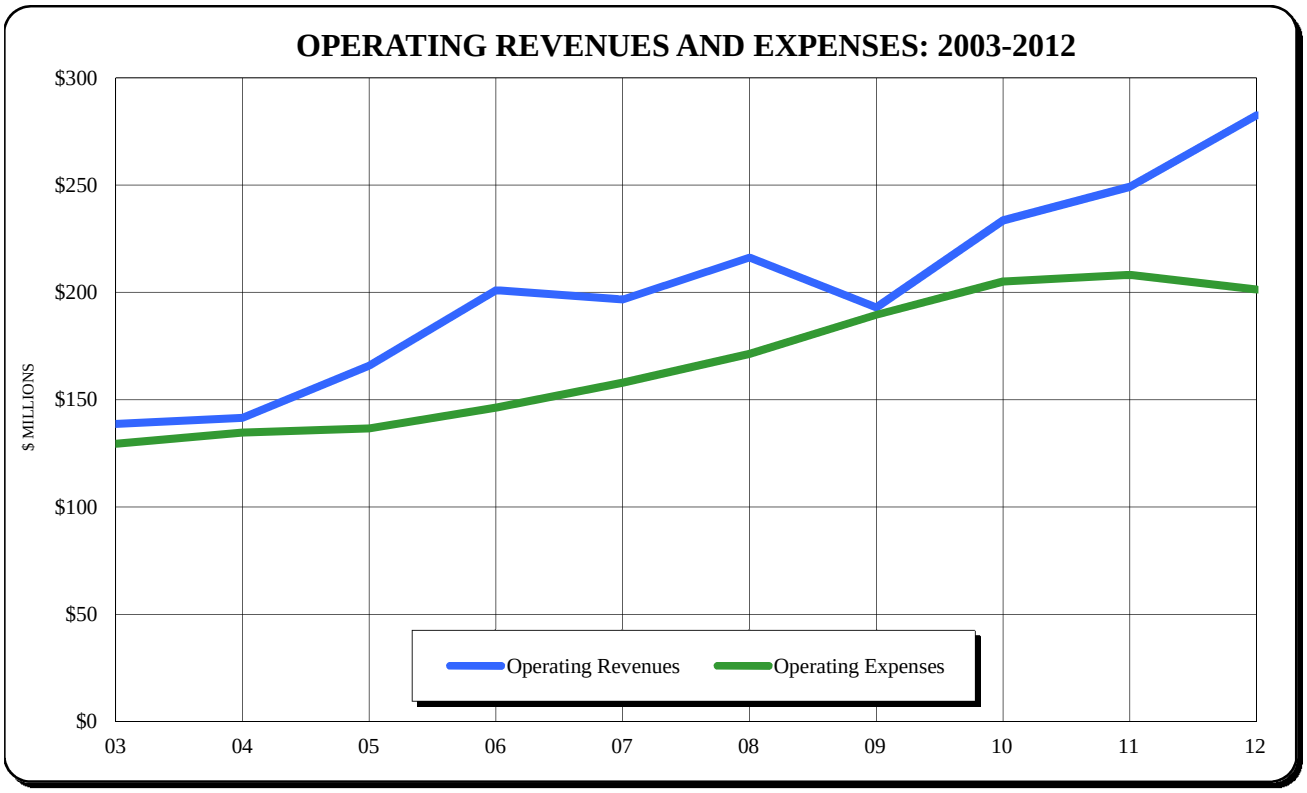
[1]Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted.
Net position is considered restricted when constraints placed on net position use are either: (a) externally imposed by creditors (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.

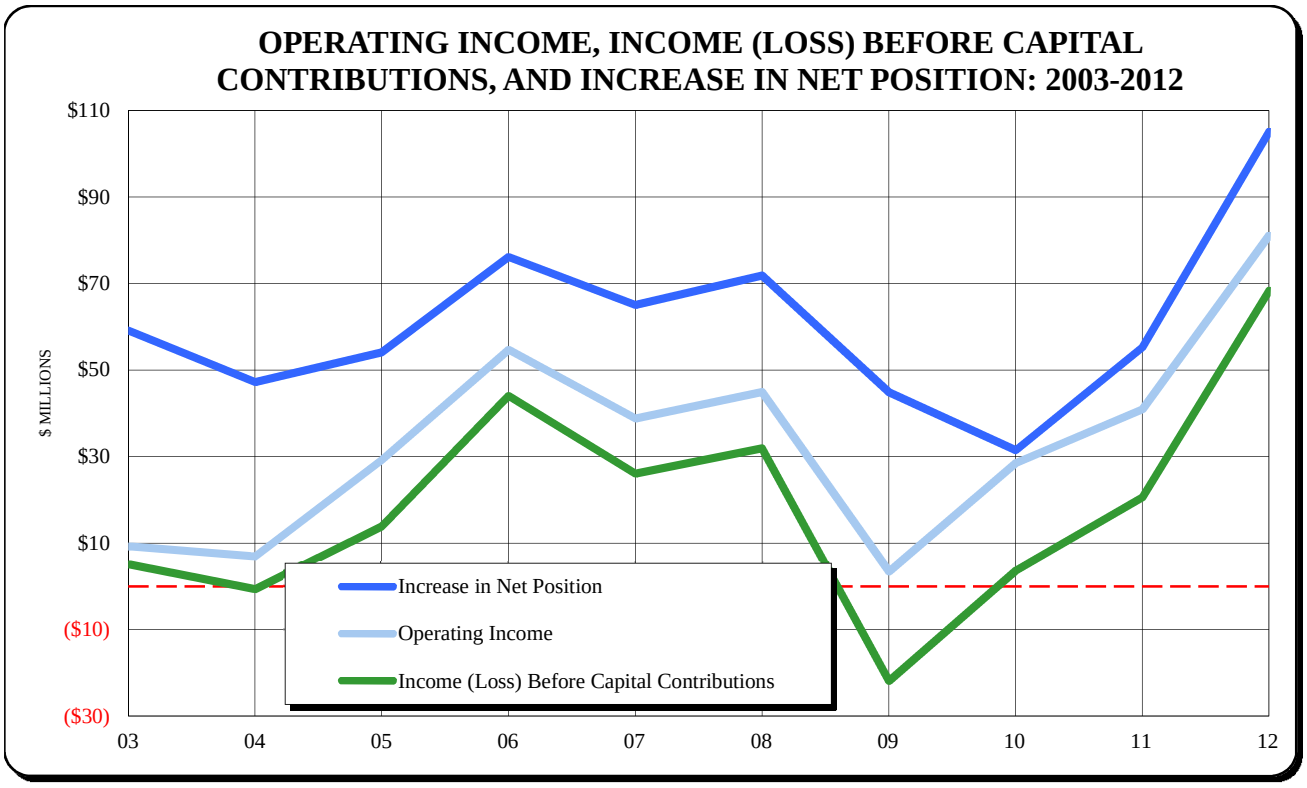
[2]The above data was extracted from the audited financial statements of the Board of Water Commissioners.

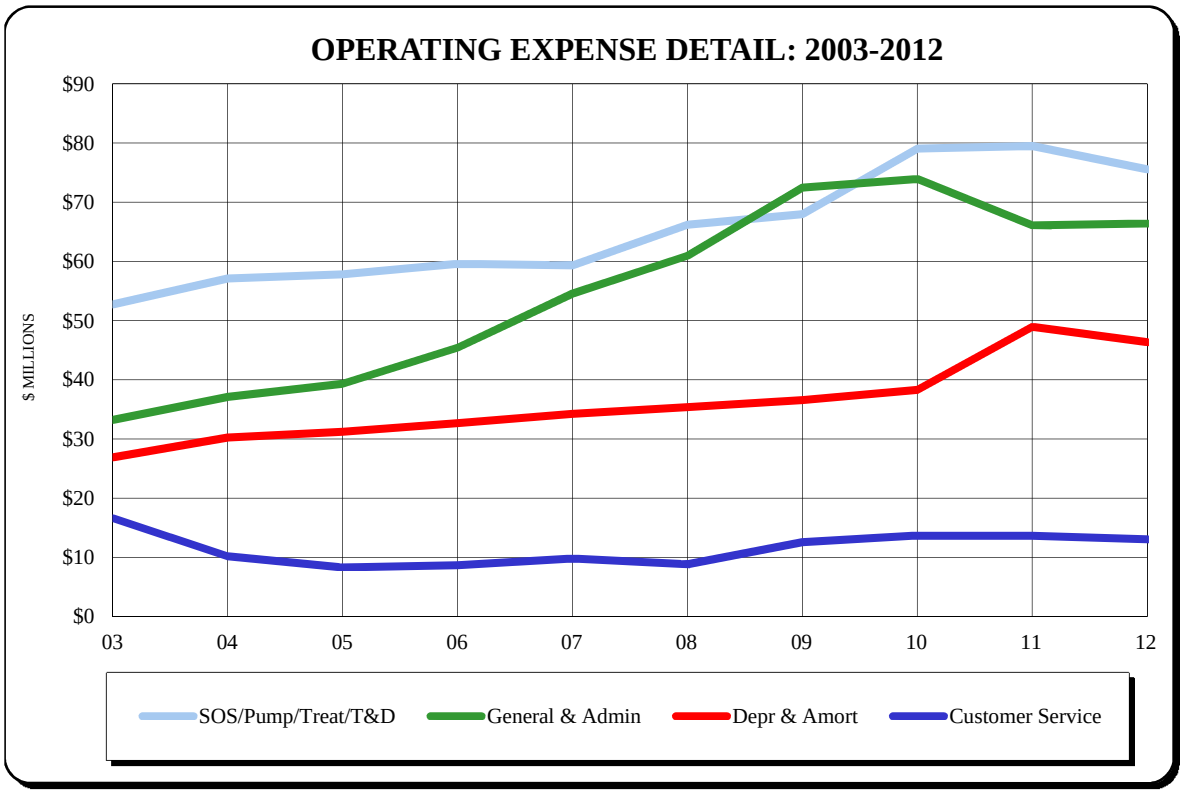
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION[1]: 2003 - 2012
(amounts expressed in thousands)

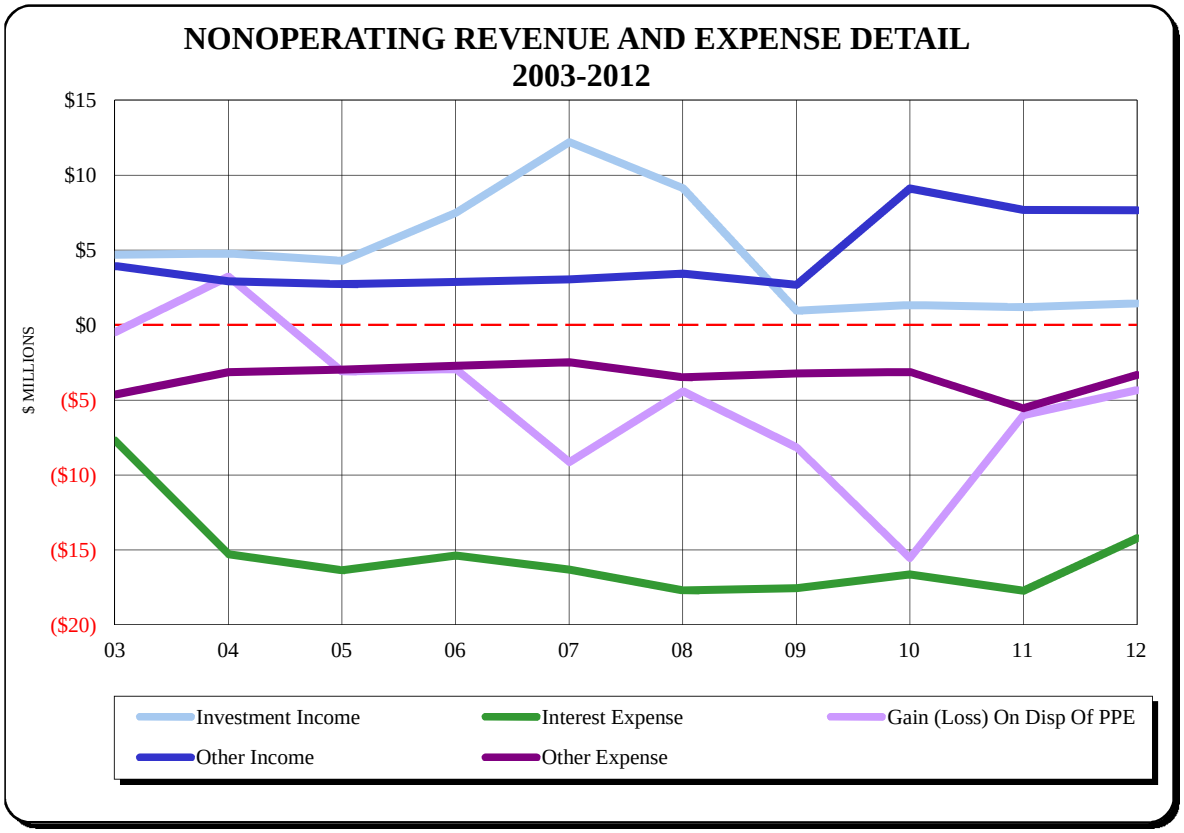
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
OPERATING REVENUES:										
Water	**$ 271,575**	$ 239,186	$ 224,489	$ 184,396	$ 205,941	$ 188,729	$ 193,743	$ 158,454	$ 136,138	$ 133,475
Power generation and other	**10,982**	9,942	9,018	8,634	10,321	7,913	7,315	7,425	5,370	5,234
Total operating revenues	**282,557**	249,128	233,507	193,030	216,262	196,642	201,058	165,879	141,508	138,709
OPERATING EXPENSES:										
Source of supply, pumping, treatment and distribution	**75,542**	79,466	79,061	67,993	66,176	59,321	59,607	57,797	57,091	52,735
General and administrative	**66,433**	66,077	73,926	72,487	60,955	54,545	45,439	39,312	37,104	33,240
Customer service	**13,072**	13,669	13,713	12,561	8,831	9,787	8,669	8,290	10,174	16,601
Depreciation and amortization	**46,363**	48,961	38,322	36,582	35,382	34,238	32,656	31,232	30,268	26,889
Total operating expenses	**201,410**	208,173	205,022	189,623	171,344	157,891	146,371	136,631	134,637	129,465
OPERATING INCOME	**81,147**	40,955	28,485	3,407	44,918	38,751	54,687	29,248	6,871	9,244
NONOPERATING REVENUES (EXPENSES):										
Investment income	**1,451**	1,201	1,336	948	9,141	12,201	7,491	4,295	4,777	4,700
Interest expense, less capitalized interest	**(14,217)**	(17,719)	(16,630)	(17,547)	(17,699)	(16,305)	(15,368)	(16,353)	(15,283)	(7,684)
Gain (loss) on disposition of capital assets	**(4,331)**	(6,011)	(15,533)	(8,168)	(4,426)	(9,144)	(2,922)	(3,097)	3,237	(481)
Other income	**7,664**	7,686	9,100	2,679	3,426	3,037	2,883	2,734	2,927	3,949
Other expense	**(3,325)**	(5,548)	(3,112)	(3,226)	(3,488)	(2,472)	(2,721)	(2,969)	(3,152)	(4,641)
Total nonoperating expenses, net	**(12,758)**	(20,391)	(24,839)	(25,314)	(13,046)	(12,683)	(10,637)	(15,390)	(7,494)	(4,157)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	**68,389**	20,564	3,646	(21,907)	31,872	26,068	44,050	13,858	(623)	5,087
CAPITAL CONTRIBUTIONS:										
Contributions in aid of construction	**17,163**	17,239	10,861	41,443	21,492	12,911	11,245	14,072	11,374	33,469
System development charges	**19,543**	17,446	16,942	25,308	18,499	26,023	20,851	26,119	36,461	20,568
Total capital contributions	**36,706**	34,685	27,803	66,751	39,991	38,934	32,096	40,191	47,835	54,037
INCREASE IN NET POSITION	**105,095**	55,249	31,449	44,844	71,863	65,002	76,146	54,049	47,212	59,124
NET POSITION:										
Beginning of year	**1,638,058**	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
End of year	**$ 1,743,153**	$ 1,638,058	$ 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]The above data was extracted from the audited financial statements of the Board of Water Commissioners.


OPERATING REVENUES AND EXPENSES: 2003-2012
$ MILLIONS
$300
$250
$200
$150
$100
$50
$0
03
04
05
06
07
08
09
10
11
12
Operating Revenues
Operating Expenses


OPERATING INCOME, INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS, AND INCREASE IN NET POSITION: 2003-2012
$ MILLIONS
$110
$90
$70
$50
$30
$10
($10)
($30)
03
04
05
06
07
08
09
10
11
12
Increase in Net Position
Operating Income
Income (Loss) Before Capital Contributions


OPERATING EXPENSE DETAIL: 2003-2012
$ MILLIONS
$90
$80
$70
$60
$50
$40
$30
$20
$10
$0
03
04
05
06
07
08
09
10
11
12
SOS/Pump/Treat/T&D
General & Admin
Depr & Amort
Customer Service


NONOPERATING REVENUE AND EXPENSE DETAIL
2003-2012
$ MILLIONS
$15
$10
$5
$0
($5)
($10)
($15)
($20)
03
04
05
06
07
08
09
10
11
12
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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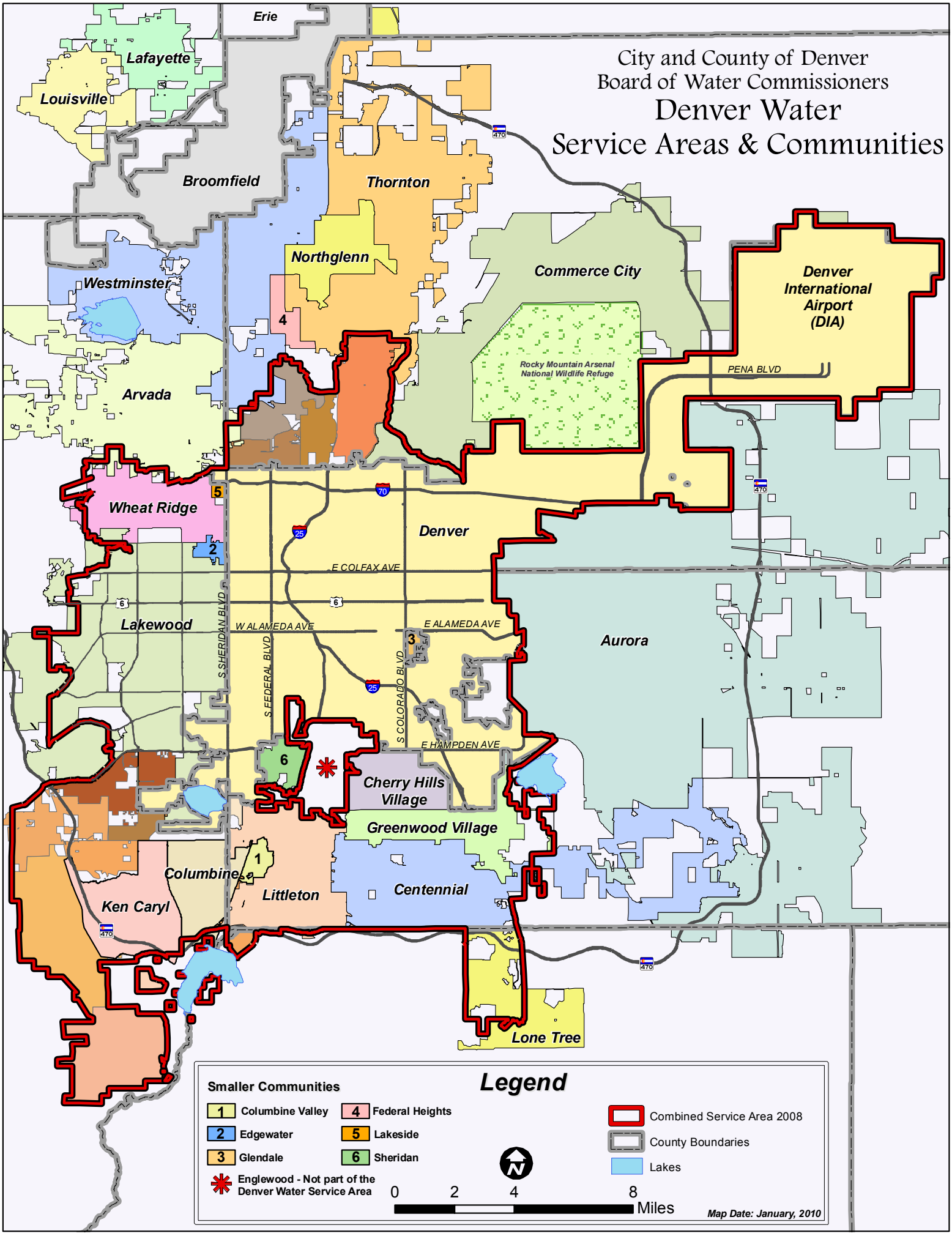
City and County of Denver
Board of Water Commissioners
Denver Water
Service Areas & Communities
Erie
Lafayette
Louisville
Broomfield
Thornton
Northglenn
Westminster
Commerce City
Denver International Airport (DIA)
Rocky Mountain Arsenal National Wildlife Refuge
PENA BLVD
Arvada
Wheat Ridge
Denver
E COLFAX 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: 2003 - 2012

	2012	2011[5]	2010	2009[6]	2008	2007	2006	2005	2004	2003
Active Taps:[1]										
Beginning of Year	**309,272**	309,562	310,068	309,373	308,079	306,901	304,483	301,565	299,157	295,841
Activated During Year	**1,539**	23	886	979	1,919	1,826	2,900	3,099	2,736	3,510
Discontinued During Year	**(348)**	(313)	(1,392)	(284)	(625)	(648)	(482)	(181)	(328)	(194)
Net Increase During Year	**1,191**	(290)	(506)	695	1,294	1,178	2,418	2,918	2,408	3,316
Total Active Taps - End of Year	**310,463**	309,272	309,562	310,068	309,373	308,079	306,901	304,483	301,565	299,157
Active Taps:[1]										
Inside City	**160,205**	159,302	159,592	161,611	158,448	157,707	157,124	155,778	154,170	152,783
City and County	**1,218**	1,204	1,277	1,272	1,226	1,212	1,222	1,206	1,084	1,076
Outside City - Read and Bill	**36,637**	36,542	36,477	35,760	36,420	36,278	36,043	35,558	35,043	34,694
Outside City - Total Service	**36,318**	36,270	36,376	36,140	36,230	36,112	35,960	35,793	35,639	35,502
Outside City - Master Meter	**76,085**	75,954	75,840	75,285	77,049	76,770	76,552	76,148	75,629	75,102
Total Active Taps - End of Year	**310,463**	309,272	309,562	310,068	309,373	308,079	306,901	304,483	301,565	299,157
Stub-Ins on System[2]	**514**	651	367	275	801	1,408	1,936	1,926	2,887	3,023
Fire Hydrant Use Permits	**518**	527	439	485	518	546	518	488	472	473
AMR (Automatic Meter Reading) Installations	**N/A**	895	886	742	137	85	10,594	9,855	54,085	71,737
Turn-Offs Due to Delinquent Accounts	**5,463**	6,125	6,687	8,913	13,284	12,747	12,895	11,529	14,684	12,776
In-Home Water Audits	**609**	480	409	349	383	169	56	81	89	12
Call Center Calls[3]	**231,533**	221,291	213,065	229,979	237,047	215,457	198,620	212,114	253,716	302,488
Water Quality Calls:										
Taste and Odor	**212**	169	221	194	161	180	161	87	66	90
Dirty Water	**289**	333	309	356	205	221	222	90	221	166
Illness Concerns[4]	**48**	46	51	56	48	50				
Other	**99**	89	128	63	50	40	88	24	22	14
New Taps Made	**950**	906	583	679	1,743	1,901	3,199	2,991	3,537	4,178

[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]Illness Concerns calls from 2002 through 2006 were included in "other."

[5]In 2011, there were 895 taps activated during the year. There were 875 change over taps double counted in prior years which were corrected in 2011 .

[6]In 2009, a new customer information system was implemented and data produced from that system may not be strictly comparable to prior years.

[7]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: 2003 - 2012

(NON-ACCRUAL BASIS)[1]

		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
SALES OF TREATED WATER											
A. METERED GENERAL CUSTOMERS											
Residential -	Inside City	**$ 57,502,133**	$49,852,754	$ 46,657,954	$ 34,775,888	$ 39,376,164	$ 36,393,023	$ 38,199,085	$ 32,166,524	$ 25,519,691	$ 24,591,998
	Outside City-Read and Bill	**20,725,658**	17,739,231	17,546,777	13,016,488	15,970,063	16,254,687	16,932,885	13,571,874	10,090,734	10,407,779
	Outside City-Total Service	**28,464,333**	23,922,555	24,172,261	17,921,389	22,068,530	19,965,386	21,867,605	17,501,336	13,040,907	13,466,257
Residential Irrigation[2] -	Inside City	**1,363,216**	1,127,908	1,044,476	706,791	860,037	682,863	-	-	-	-
	Outside City-Read and Bill	**1,001,996**	819,355	797,644	608,736	695,733	427,027	-	-	-	-
	Outside City-Total Service	**766,108**	632,068	617,095	467,450	459,198	387,902	-	-	-	-
Small multi-family -	Inside City	**5,281,180**	4,734,939	4,284,782	3,657,023	3,734,468	3,464,003	3,286,943	2,915,980	2,437,967	2,342,691
	Outside City-Read and Bill	**505,339**	436,719	370,467	331,013	291,046	262,831	258,146	213,955	166,063	171,801
	Outside City-Total Service	**812,940**	713,763	605,929	551,504	527,581	463,918	501,493	384,187	297,355	287,338
Commercial -	Inside City	**37,074,050**	33,705,049	31,453,798	29,121,188	29,548,451	28,431,530	27,371,039	24,639,807	20,384,807	19,467,138
	Outside City-Read and Bill	**9,584,675**	8,557,395	8,069,162	8,163,488	7,164,332	7,645,015	7,892,400	6,414,233	5,115,882	4,718,281
	Outside City-Total Service	**9,691,392**	8,820,709	8,285,358	8,039,900	7,575,323	8,372,179	7,908,811	6,510,148	5,147,372	5,140,036
Industrial -	Inside City	**3,212,139**	2,995,030	2,820,110	2,896,054	3,019,867	2,995,858	2,639,252	2,167,674	1,450,023	1,449,698
	Outside City-Read and Bill	**1,624,228**	2,239,055	2,101,036	2,015,892	2,384,378	2,444,240	2,155,166	1,689,261	1,648,020	1,579,615
	R&B Winter/Summer Adj	**(1,643,676)**									
	Outside City-Total Service	**163,502**	167,232	183,998	120,180	201,447	161,141	169,731	168,643	124,443	115,709
Other Irrigation[3] -	Inside City	**3,709,163**	3,190,405	2,888,674	1,815,181	2,017,121	-	-	-	-	-
	Outside City-Read and Bill	**2,095,190**	1,735,581	1,757,368	1,181,979	1,245,629	-	-	-	-	-
	Outside City-Total Service	**3,077,411**	2,688,145	2,566,591	1,697,067	1,920,394	-	-	-	-	-
		185,010,980	164,077,893	156,223,480	127,087,211	139,059,762	128,351,603	129,182,556	108,343,622	85,423,264	83,738,341
B. PRIVATE FIRE PROTECTION SERVICE											
Sprinklers -	Inside City	**1,014,769**	985,027	927,685	924,379	896,054	878,826	860,403	698,448	667,781	644,949
	Outside City-Read and Bill	**65,604**	50,863	48,628	52,335	45,125	44,990	43,798	41,960	39,001	36,611
	Outside City-Total Service	**121,932**	73,374	70,207	71,017	63,537	61,989	58,273	55,405	50,214	49,317
		1,202,304	1,109,264	1,046,520	1,047,731	1,004,716	985,805	962,474	795,813	756,996	730,877
C. OTHER SALES TO PUBLIC AUTHORITIES											
City & County of Denver[4] -	Irrigation	**4,088,687**	3,147,707	3,615,479	2,440,481	3,393,500	-	-	-	-	-
	Non-Irrigation	**1,879,628**	1,583,402	1,583,678	1,771,774	1,491,310	3,799,221	4,125,917	2,937,308	2,253,901	2,208,368
Other County Agencies -	Inside City	**1,475,596**	1,136,037	1,040,428	950,357	1,153,133	1,102,420	1,115,319	892,886	586,182	497,082
	Outside City-Read and Bill	**742,541**	756,536	891,116	458,388	600,417	751,568	725,214	480,019	368,173	319,999
	Outside City-Total Service	**964,014**	851,892	839,242	674,049	757,751	1,136,430	1,126,671	854,730	496,975	583,161
State Agencies -	Inside City	**392,998**	375,422	362,282	351,941	469,445	480,671	497,702	414,814	344,114	351,249
	Outside City-Read and Bill	**41,965**	38,724	36,999	34,898	28,625	29,050	26,168	21,691	5,512	5,230
	Outside City-Total Service	**6,364**	4,405	4,992	4,368	6,588	5,728	4,449	3,598	3,094	3,039
Federal Agencies -	Inside City	**168,440**	197,965	91,571	357,249	287,892	269,239	230,640	208,165	184,598	254,564
	Outside City-R&B at Denver Rates	**25,741**	67,089	30,709	35,376	60,880	17,315	16,622	18,326	14,575	6,382
	Outside City-Read and Bill	**47,670**	61,929	530,372	118,080	427,449	296,710	248,055	334,522	259,737	255,645
	Total Service	**1567.4200**	1,561	1,430	1,677	1,690	1,695	1,940	1,788	1,319	1,168
		9,835,211	8,222,669	9,028,298	7,198,638	8,678,680	7,890,047	8,118,697	6,167,847	4,518,180	4,485,887
D. SALES OF TREATED WATER FOR RESALE											
Outside City - Master Meter		**54,362,635**	47,483,234	43,196,378	38,192,266	40,908,625	37,611,201	37,395,707	32,270,338	26,050,154	26,043,878
Outside the Combined Service Area		**12,669,210**	9,886,498	9,552,069	8,953,549	8,686,347	9,140,987	7,715,172	5,555,118	4,931,283	4,940,714
		67,031,845	57,369,732	52,748,447	47,145,815	49,594,972	46,752,188	45,110,879	37,825,456	30,981,437	30,984,592
TOTAL SALES OF TREATED WATER		**263,080,340**	230,779,559	219,046,745	182,479,395	198,338,130	183,979,643	183,374,606	153,132,738	121,679,877	119,939,697
SALES OF NONPOTABLE WATER		**8,270,351**	7,039,323	6,188,569	5,586,538	7,204,183	5,576,020	9,308,468	5,458,866	4,366,827	6,150,187
TOTAL SALES OF WATER		**$ 271,350,691**	$ 237,818,882	$ 225,235,314	$ 188,065,933	$ 205,542,313	$ 189,555,663	$ 192,683,073	$ 158,591,604	$ 126,046,704	$ 126,089,884

[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 Position. 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: 2003 - 2012
(amounts expressed in thousands of gallons)

SALES OF TREATED WATER		**2012**	2011	2010	2009	2008	2007	2006	2005	2004	2003
A. METERED GENERAL CUSTOMERS											
Residential -	Inside City	**14,052,609**	13,098,298	13,601,820	12,075,102	14,190,479	13,788,207	15,319,966	13,900,011	12,142,332	12,768,789
	Outside City-Read and Bill	**4,750,696**	4,399,807	4,593,122	4,114,005	4,913,295	4,691,563	5,278,025	4,704,115	3,996,515	4,440,254
	Outside City-Total Service	**5,225,688**	4,794,193	4,959,464	4,388,923	5,297,529	5,008,534	5,673,116	4,990,298	4,269,146	4,696,076
Residential Irrigation[1] -	Inside City	**283,485**	248,861	261,019	190,264	247,163	186,902	-	-	-	-
	Outside City-Read and Bill	**198,236**	173,346	186,694	139,916	200,591	116,794	-	-	-	-
	Outside City-Total Service	**140,407**	121,065	124,574	94,358	125,168	89,235	-	-	-	-
Small multi-family -	Inside City	**1,560,394**	1,495,266	1,525,150	1,437,136	1,556,375	1,544,714	1,625,016	1,505,370	1,389,009	1,468,994
	Outside City-Read and Bill	**135,850**	125,757	118,190	114,740	113,627	108,934	102,529	90,030	77,006	84,231
	Outside City-Total Service	**184,925**	172,393	156,313	149,255	158,912	149,588	164,236	141,204	121,841	121,218
Commercial -	Inside City	**12,522,805**	12,157,287	12,398,800	12,069,634	12,643,141	13,060,641	13,453,864	13,607,253	12,397,505	12,721,738
	Outside City-Read and Bill	**2,524,765**	2,384,164	2,370,656	2,390,356	2,519,213	2,778,664	2,940,758	2,681,743	2,406,636	2,454,933
	Outside City-Total Service	**2,323,899**	2,223,111	2,248,376	2,160,037	2,235,147	2,544,606	2,729,083	2,504,610	2,235,938	2,318,860
Industrial -	Inside City	**1,188,635**	1,185,642	1,220,187	1,286,307	1,328,867	1,434,058	1,403,596	1,225,477	921,583	966,217
	Outside City-Read and Bill	**521,752**	690,755	685,581	696,547	884,226	913,261	861,583	761,029	809,455	837,590
	R&B Winter/Summer Adj	**(519,142)**									
	Outside City-Total Service	**38,090**	40,772	49,246	33,022	59,666	50,081	60,063	67,231	55,164	52,650
Other Irrigation[1]-	Inside City	**786,154**	719,221	747,524	574,776	806,722	-	-	-	-	-
	Outside City-Read and Bill	**417,375**	370,134	416,362	300,627	421,140	-	-	-	-	-
	Outside City-Total Service	**567,216**	520,659	525,479	391,178	546,971	-	-	-	-	-
		46,903,839	44,920,731	46,188,557	42,606,183	48,248,232	46,465,782	49,611,835	46,178,371	40,822,130	42,931,550
B. OTHER SALES TO PUBLIC AUTHORITIES											
City & County of Denver[1] -	Irrigation	**1,565,859**	1,230,115	1,594,390	1,036,056	1,951,435	-	-	-	-	-
	Non-Irrigation	**829,144**	763,595	790,149	888,372	824,476	2,415,541	2,793,826	2,234,854	2,025,120	1,930,823
Other County Agencies -	Inside City	**445,947**	368,139	363,214	358,456	478,945	500,176	535,080	453,343	341,248	323,413
	Outside City-Read and Bill	**191,100**	213,673	261,631	135,817	212,370	273,868	275,898	202,617	174,332	169,059
	Outside City-Total Service	**210,913**	195,617	208,405	166,629	219,046	338,161	386,017	327,077	216,835	272,066
State Agencies -	Inside City	**130,365**	130,345	140,865	147,880	200,936	224,516	251,300	223,379	216,143	232,196
	Outside City-Read and Bill	**10,205**	9,724	10,112	9,857	9,927	10,368	9,349	8,717	2,538	2,728
	Outside City-Total Service	**1,557**	1,081	1,370	1,177	1,931	1,742	1,468	1,316	1,302	1,362
Federal Agencies -	Inside City	**60,751**	83,863	38,759	55,456	84,686	133,356	129,602	128,769	127,765	169,343
	Outside City-R&B at Denver Rates	**6,245**	8,244	12,116	195,924	121,545	8,334	6,560	8,527	8,575	11,955
	Outside City-Read and Bill	**11,156**	22,629	152,973	38,949	149,333	107,201	94,067	126,584	121,151	133,556
	Total Service	**367**	375	384	443	488	506	475	452	489	516
		3,463,609	3,027,400	3,574,368	3,035,016	4,255,118	4,013,769	4,483,642	3,715,635	3,235,498	3,247,017
C. SALES OF TREATED WATER FOR RESALE											
Outside City - Master Meter		**15,050,805**	14,109,526	14,352,778	12,824,666	15,294,977	14,753,753	15,717,343	14,544,666	12,954,486	14,080,192
Outside the Combined Service Area		**3,558,092**	2,767,464	3,021,344	2,902,470	3,008,039	3,482,153	3,116,980	2,512,136	2,461,079	2,614,134
		18,608,897	16,876,990	17,374,122	15,727,136	18,303,016	18,235,906	18,834,323	17,056,802	15,415,565	16,694,326
TOTAL SALES OF TREATED WATER		**68,976,345**	64,825,121	67,137,047	61,368,335	70,806,366	68,715,457	72,929,800	66,950,808	59,473,193	62,872,893
Reconciliation of Water Treated, Delivered, Consumption, Sales and Non-revenue Water:											
Total Water Treated (Production) - Page III-76		**71,960,650**	68,257,000	69,713,070	62,089,800	71,983,540	70,474,410	74,722,230	68,500,800	60,577,670	65,382,520
(Increase) Decrease in Clear Water Storage - Page III-76		**8,050**	3,800	(17,670)	17,100	(7,670)	5,430	2,750	(27,100)	1,100	16,950
Treated Water Delivered - Page III-70, III-71 & III-76		**71,968,700**	68,260,800	69,695,400	62,106,900	71,975,870	70,479,840	74,724,980	68,473,700	60,578,770	65,399,470
Water Purchased - Page III-21		-	-	-	-	-	-	-	-	-	-
Treated Water Available (Consumption) -Page III-75		**71,968,700**	68,260,800	69,695,400	62,106,900	71,975,870	70,479,840	74,724,980	68,473,700	60,578,770	65,399,470
Less Sales of Treated Water - Page III-21		**(68,976,345)**	(64,825,121)	(67,137,047)	(61,368,335)	(70,806,366)	(68,715,457)	(72,929,800)	(67,175,382)	(59,473,193)	(63,008,593)
Less Load Shifted Treated Water - Page III-21		-	-	-	-	-	-	-	-	-	(635,451)
Non-revenue Water - Page III-21		**2,992,355**	3,435,679	2,558,353	738,565	1,169,504	1,764,383	1,795,180	1,298,318	1,105,577	1,755,426
% Non-revenue Water - Page III-21		**4.16%**	5.03%	3.67%	1.19%	1.62%	2.50%	2.40%	1.90%	1.83%	2.68%

[1]See footnotes on page III-16.

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2012 (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	$ 57,502,133	14,052,609	133,946	$ 4.0919
	Outside City-Read and Bill	20,725,658	4,750,696	33,195	4.3627
	Outside City-Total Service	28,464,333	5,225,688	32,414	5.4470
Residential Irrigation	Inside City	1,363,216	283,485	541	4.8088
	Outside City-Read and Bill	1,001,996	198,236	193	5.0546
	Outside City-Total Service	766,108	140,407	180	5.4563
Small multi-family	Inside City	5,281,180	1,560,394	9,466	3.3845
	Outside City-Read and Bill	505,339	135,850	585	3.7198
	Outside City-Total Service	812,940	184,925	727	4.3961
Commercial	Inside City	37,074,050	12,522,805	14,852	2.9605
	Outside City-Read and Bill	9,584,675	2,524,765	2,857	3.7963
	Outside City-Total Service	9,691,392	2,323,899	3,263	4.1703
Industrial	Inside City	3,212,139	1,188,635	259	2.7024
	Outside City-Read and Bill	1,624,228	521,752	9	3.1130
	OC-R&B Winter/Summer Adj	(1,643,676)	(519,142)	-	-
	Outside City-Total Service	163,502	38,090	10	4.2925
Other Irrigation	Inside City	3,709,163	786,154	759	4.7181
	Outside City-Read and Bill	2,095,190	417,375	271	5.0199
	Outside City-Total Service	3,077,411	567,216	486	5.4255
		185,010,980	46,903,839	234,013	3.9445
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	Inside City	1,014,769	- [2]		
	Outside City-Read and Bill	65,604	- [2]		
	Outside City-Total Service	121,932	- [2]		
		1,202,304	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver	Irrigation	4,088,687	1,565,859	828	2.6111
	Non-Irrigation	1,879,628	829,144	447	2.2669
Other County Agencies	Inside City	1,475,596	445,947	165	3.3089
	Outside City-Read and Bill	742,541	191,100	57	3.8856
	Outside City-Total Service	964,014	210,913	98	4.5707
State Agencies	Inside City	392,998	130,365	54	3.0146
	Outside City-Read and Bill	41,965	10,205	6	4.1122
	Outside City-Total Service	6,364	1,557	3	4.0873
Federal Agencies	Inside City	168,440	60,751	22	2.7726
	Outside City-RB at Inside Rates	25,741	6,245	-	4.1219
	Outside City-Read and Bill	47,670	11,156	3	4.2731
	Outside City-Total Service	1,567	367	3	4.2698
		9,835,211	3,463,609	1,686	2.8396

[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 Position. The difference from amounts on an accrual basis is immaterial.

[2]Private fire protection consumption is unmetered and is considered part of non-revenue water. See "Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

OPERATING REVENUE AND RELATED WATER CONSUMPTION (Continued) - 2012
(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	$ 54,362,635	15,050,805	76,085	$ 3.6119
Outside the Combined Service Area	12,669,210	3,558,092	-	3.5607
	67,031,845	18,608,897	76,085	3.6021
TOTAL SALES OF TREATED WATER[4]	263,080,340	68,976,345	311,784	3.8141
II. SALES OF NON-POTABLE WATER[5]				
Inside City	805,911	1,636,341	53	0.4925
Outside City	986,700	1,198,192	8	0.8235
Outside the Combined Service Area	6,477,740	8,553,141	7	0.7574
	8,270,351	11,387,674	68	0.7263
TOTAL SALES OF WATER	271,350,691	80,364,019	311,852	$ 3.3765
III. OTHER NON-POTABLE WATER DELIVERIES[5]		1,182,510		
TOTAL GALLONS SOLD		81,546,529		
IV. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE[6]				
Foothills Treatment Plant	438,310			
Strontia Springs	339,195			
Dillon Dam	413,482			
Roberts Tunnel	1,378,395			
Hillcrest	461,119			
Williams Fork	20,873			
Gross Reservior	1,256,959			
	4,308,332			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	2,281,750			
Conservation Penalties	93,039			
Tap Stub-in Monitoring Fee	56,240			
Turnoff - Turn on Charges	527,215			
Hydrant & Construction Water	2,387,582			
Other Assessments	1,327,625			
	6,673,451			
TOTAL OTHER OPERATING REVENUE	10,981,783			
TOTAL OPERATING REVENUE	$ 282,332,474			

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

SALES OF TREATED WATER BETWEEN INSIDE AND OUTSIDE CITY - 2012
(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	$ 57,502,133	21.86%	14,052,609	20.37%	133,946
Residential Irrigation	1,363,216	0.52%	283,485	0.41%	541
Duplex	2,794,737	1.06%	800,723	1.16%	5,946
3-Plex	800,265	0.30%	238,382	0.35%	1,413
4-Plex	1,134,530	0.43%	348,971	0.51%	1,523
5-Plex	551,647	0.21%	172,318	0.25%	584
Commercial	37,074,050	14.09%	12,522,805	18.16%	14,852
Industrial	3,212,139	1.22%	1,188,635	1.72%	259
Other Irrigation	3,709,163	1.41%	786,154	1.14%	759
	108,141,883	41.11%	30,394,082	44.06%	159,823
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	1,014,769	0.39%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver-Irrigation	4,088,687	1.55%	1,565,859	2.27%	828
City and County of Denver-Non-Irrigation	1,879,628	0.71%	829,144	1.20%	447
Other County Agencies	1,475,596	0.56%	445,947	0.65%	165
State Agencies	392,998	0.15%	130,365	0.19%	54
Federal Agencies	168,440	0.06%	60,751	0.09%	22
	8,005,348	3.04%	3,032,066	4.40%	1,516
TOTAL SALES OF TREATED WATER - DENVER	117,161,999	44.53%	33,426,148	48.46%	161,339
Revenue per 1,000 Gallons - Denver			$ 3.5051		
II. OUTSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential - Read & Bill	20,725,658	7.88%	4,750,696	6.89%	33,195
Residential Irrigation - Read & Bill	1,001,996	0.38%	198,236	0.29%	193
Duplex - Read & Bill	90,694	0.03%	23,703	0.03%	142
3-Plex - Read & Bill	92,942	0.04%	24,577	0.04%	129
4-Plex - Read & Bill	272,634	0.10%	73,976	0.11%	271
5-Plex - Read & Bill	49,069	0.02%	13,594	0.02%	43
Commercial - Read & Bill	9,584,675	3.64%	2,524,765	3.66%	2,857
Industrial - Read & Bill	1,624,228	0.62%	521,752	0.76%	9
Industrial-R&B Winter/Summer Adj	(1,643,676)	-0.62%	(519,142)	-0.75%	-
Other Irrigation -Read & Bill	2,095,190	0.80%	417,375	0.61%	271
Residential - Total Service	28,464,333	10.82%	5,225,688	7.58%	32,414
Residential Irrigation - Total Service	766,108	0.29%	140,407	0.20%	180
Duplex - Total Service	218,320	0.08%	48,311	0.07%	281
3-Plex - Total Service	125,574	0.05%	28,526	0.04%	121
4-Plex - Total Service	336,942	0.13%	77,203	0.11%	232
5-Plex - Total Service	132,104	0.05%	30,885	0.04%	93
Commercial - Total Service	9,691,392	3.68%	2,323,899	3.37%	3,263
Industrial - Total Service	163,502	0.06%	38,090	0.06%	10
Other Irrigation - Total Service	3,077,411	1.17%	567,216	0.82%	486
	76,869,097	29.22%	16,509,757	23.94%	74,190

[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 Position. The difference from amounts on an accrual basis is immaterial.

[2] Private fire protection consumption is unmetered and is considered part of non-revenue water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

SALES OF TREATED WATER BETWEEN INSIDE AND OUTSIDE CITY (Continued) - 2012
(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	65,604	0.02%	- [2]		
Sprinklers - Total Service	121,932	0.05%	- [2]		
	187,536	0.07%	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies - Read & Bill	742,541	0.28%	191,100	0.28%	57
State Agencies - Read & Bill	41,965	0.02%	10,205	0.01%	6
Federal Agencies - Read & Bill	47,670	0.02%	11,156	0.02%	3
Federal Agencies at Denver Rates	25,741	0.01%	6,245	0.01%	-
County Agencies - Total Service	964,014	0.37%	210,913	0.31%	98
State Agencies - Total Service	6,364	0.00%	1,557	0.00%	3
Federal Agencies - Total Service	1,567	0.00%	367	0.00%	3
	1,829,863	0.70%	431,543	0.63%	170
D. SALES OF TREATED WATER FOR RESALE[3]					
Master Meter Distributors	54,362,635	20.66%	15,050,805	21.82%	76,085
Outside CSA-Fixed Limit Contracts	12,669,210	4.82%	3,558,092	5.16%	-
	67,031,845	25.48%	18,608,897	26.98%	76,085
TOTAL SALES OF TREATED WATER - OUTSIDE CITY	145,918,341	55.47%	35,550,170	51.54%	150,445
Revenue per 1,000 Gallons - Outside City			$ 4.1046		
TOTAL SALES OF TREATED WATER	$ 263,080,340	100.00%	68,976,345	100.00%	311,784
Revenue per 1,000 Gallons - Total			$ 3.8141		

RECONCILIATION/CALCULATION OF NON-REVENUE WATER		
Total Water Treated (Production) - Page III-76	71,960,650	
(Increase) Decrease in Clear Water Storage - Page III-76	8,050	
Total Treated Water Delivered - Page III-76	71,968,700	
Water Purchased	-	
Total Treated Water Available (Consumption) - Page III-75	71,968,700	100.00%
Less Sale of Treated Water	(68,976,345)	(95.84)%
Less Load Shifted Treated Water	-	-
Non-revenue Water[3]	2,992,355	4.16%

[2]Private fire protection consumption is unmetered and is considered part of non-revenue water.

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

SALES OF NONPOTABLE WATER BETWEEN INSIDE AND OUTSIDE CITY - 2012 (NON-ACCRUAL BASIS)[1]

	Revenue		Gallons Sold			Revenue
	Amount	Percent of Total	Amount (000)	Percent of Total	Number of Customers[3]	Per 1,000 Gallons
I. INSIDE CITY						
Raw Water Sales						
City & County of Denver Agencies	$ 106,764	1.29%	395,423	3.47%	2	$ 0.2700
Xcel Energy	51,509	0.62%	103,213	0.91%	1	0.4991
All Other	28,978	0.35%	55,134	0.48%	3	0.5256
	187,250	2.26%	553,770	4.86%	6	0.3381
Effluent Sales						
City & County of Denver Agencies	860	0.01%	3,184	0.03%	2	0.2700
Xcel Energy	204,463	2.47%	410,920	3.61%	1	0.4976
All Other	40,437	0.49%	83,834	0.74%	-	0.4823
	245,759	2.97%	497,938	4.37%	3	0.4936
Recycle Sales						
City & County of Denver Agencies	92,953	1.12%	302,859	2.66%	31	0.3069
All Other	279,948	3.38%	281,773	2.47%	13	0.9935
	372,901	4.51%	584,632	5.13%	44	0.6378
Minimum Contract Payment[2]-All Other	-	0.00%	-	0.00%	-	-
Total Denver	805,911	9.74%	1,636,340	14.37%	53	0.4925
II. OUTSIDE CITY, WITHIN COMBINED SERVICE AREA						
Raw Water Sales-All Others	953,448	11.53%	1,143,508	10.04%	4	0.8338
Effluent Sales-All Others	30,449	0.37%	51,425	0.45%	2	0.5921
Recycle Sales-Xcel Energy	-	0.00%	-	0.00%	-	-
Minimum Contract Payments[2]-All Others	2,802	0.03%	3,259	0.03%	2	0.8599
Total Outside City, Within Combined Service Area	986,700	11.93%	1,198,192	10.52%	8	0.8235
III. OUTSIDE COMBINED SERVICE AREA						
Raw Water for Resale						
City of Arvada	4,395,572	53.15%	5,126,385	45.00%	2	0.8574
North Table Mountain	684,612	8.28%	797,750	7.00%	1	0.8582
	5,080,184	61.43%	5,924,135	52.01%	3	0.8575
Raw Water Sales						
Centennial Water & Sanitation District	259,132	3.13%	256,657	2.25%	1	1.0096
Consolidated Mutual Water	43,946	0.53%	43,511	0.38%	1	1.0100
All Other	131,038	1.58%	1,403,291	12.32%	1	0.0934
	434,116	5.25%	1,703,459	14.95%	3	0.2548
Effluent Sales-All Other	7,175	0.09%	7,104	0.06%	-	1.0100
Recycle Sales-Xcel Energy	956,265	11.56%	918,443	8.06%	1	1.0412
Minimum Contract Payments[2] -All Other	-	0.00%	-	0.00%	-	-
	963,440	11.65%	925,547	8.13%	1	1.0409
Total Outside Combined Service Area	6,477,740	78.32%	8,553,141	75.09%	7	0.7574
TOTAL SALES OF NON-POTABLE WATER	$ 8,270,351	100.00%	11,387,674	100.00%	68	$ 0.7263
IV. OTHER NON-POTABLE WATER DELIVERIES						
City Ditch at Washington Park			704,488			
City of Englewood (Cabin-Meadow Exchange)			478,022			
Total Other Non-Potable Water Deliveries			1,182,510			
TOTAL NON-POTABLE WATER DELIVERIES			12,570,184			

[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 - 2012[1]

		Total Customer Accounts[2]			Accounts with Active Billed Consumption	
		12-31-12	12-31-11	Increase (Decrease)	12-31-12	12-31-11
METERED GENERAL CUSTOMERS						
Residential	Inside City	159,858	152,034	7,824	134,487	133,538
	Outside City	37,936	36,362	1,574	33,388	33,299
	Total Service	36,817	35,422	1,395	32,594	32,577
Small multi-family	Inside City	9,349	9,102	247	9,466	9,356
	Outside City	575	570	5	585	548
	Total Service	703	702	1	727	693
Commercial	Inside City	16,599	16,039	560	14,852	14,821
	Outside City	2,879	2,624	255	2,857	2,496
	Total Service	3,072	2,907	165	3,263	2,760
Industrial	Inside City	293	299	(6)	259	267
	Outside City	5	6	(1)	9	7
	Total Service	8	8	-	10	9
Other Irrigation	Inside City	816	780	36	759	737
	Outside City	243	214	29	271	243
	Total Service	486	415	71	486	416
TOTAL METERED GENERAL CUSTOMERS		269,639	257,484	12,155	234,013	231,767
PUBLIC AUTHORITIES						
City & County of Denver		1,437	1,449	(12)	1,275	1,205
Other County Agencies	Inside City	358	346	12	165	213
	Outside City	50	56	(6)	57	51
	Total Service	82	88	(6)	98	78
State Agencies	Inside City	55	52	3	54	52
	Outside City	5	5	-	6	4
	Total Service	3	3	-	3	2
Federal Agencies	Inside City	21	23	(2)	22	23
	Outside City	2	2	-	3	5
	Total Service	2	2	-	3	2
TOTAL PUBLIC AUTHORITIES		2,015	2,026	(11)	1,686	1,635
RESALE ACCOUNTS (MASTER METER)[3]		76,085	75,951	134	76,085	75,954
TOTAL TREATED WATER CUSTOMERS		347,739	335,461	12,278	311,784	309,356

[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 - 2012

(Effective for bills dated on or after January 1, 2012)
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	$ 2.54	$ 2.49	$ 2.85
12,000 - 30,000 Gallons	5.09	4.98	5.70
31,000 - 40,000 Gallons	7.63	7.47	8.55
Over 40,000 Gallons	10.17	9.96	11.39
Small Multi-Family (Duplex through 5-Plex with a Single Meter)			
First 15,000 Gallons[1]	2.82	3.21	3.84
Over 15,000 Gallons	3.38	3.85	4.61
All Other (Non-Residential)			
Winter - All Consumption[2]	$ 1.78	$ 2.20	$ 2.44
Summer - All Consumption	3.57	4.41	4.87
Irrigation Only			
Winter - All Consumption[2]	1.20	1.29	1.39
Summer - All Consumption	4.81	5.15	5.57

[1]Applies to two dwelling units. Monthly consumption increases by 6,000 gallons per dwelling unit up to 5 dwelling units.

[2]Winter bills have billing periods ending on October 28 through April 30. Summer bills have billing periods ending on May 1 throu

SERVICE CHARGES

	Monthly
	$ 6.33

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	$ 17.25	$ 6.94	$ 12.09
Sprinkler Systems and Standpipes:			
1"	$ 4.68	$ 1.89	$ 3.28
2"	7.81	3.15	5.48
4"	12.08	4.86	8.47
6"	17.25	6.94	12.09
8"	30.19	12.15	21.16
10"	43.13	17.36	30.24
12"	69.00	27.77	48.38
16"	172.50	69.44	120.94

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)	$ 3.64	$ 4.96
	Monthly	
SERVICE CHARGES FOR ALL METER SIZES	$ 6.33	

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	$ 0.50	$ 162.93
Outside City	0.86	280.23
Outside the Combined Service Area (See Rate Schedule No. 7)	1.01	329.11
CITY OF ARVADA RAW WATER CONSUMPTION	$ 0.86	2.80.23
	Monthly	
SERVICE CHARGES FOR RAW WATER	n/a	
RECYCLED WATER CONSUMPTION	Per 1,000 Gallons	Per Acre Foot
Inside City	$ 0.99	$ 322.59
Outside City	n/a	n/a
Outside the Combined Service Area (See Rate Schedule No. 7)	1.11	361.69
	Monthly	
SERVICE CHARGES FOR RECYCLED WATER	$ 6.33	

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)	$ 4.05	$ 1,319.69
	Monthly	
SERVICE CHARGE FOR TREATED WATER	$ 6.33	
	Per 1,000 Gallons	Per Acre Foot
RAW WATER CONSUMPTION	$ 1.01	$ 329.11
	Monthly	
SERVICE CHARGE FOR RAW WATER	n/a	
	Per 1,000 Gallons	Per Acre Foot
RECYCLED WATER CONSUMPTION	$ 1.11	$ 361.69
	Monthly	
SERVICE CHARGE FOR RECYCLED WATER	$ 6.33	

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
City and County of Denver

TREATED WATER CONSUMPTION CHARGE (Monthly)	Per 1,000 Gallons
Domestic - All Consumption	$2.23
Irrigation	
Winter - All Consumption	$1.05
Summer - All Consumption	$2.63
	Monthly
SERVICE CHARGES FOR ALL METER SIZES	$ 6.33
RAW WATER CONSUMPTION (Monthly)	Per 1,000 Gallons
Inside City	$ 0.27
	Monthly
SERVICE CHARGES FOR RAW WATER	n/a
RECYCLED WATER CONSUMPTION	Per 1,000 Gallons
Inside City	$ 0.30
	Monthly
SERVICE CHARGES FOR RECYCLED WATER	$ 6.33

Schedule 8 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 9
System Development Charges

SINGLE FAMILY RESIDENTIAL	Inside City	Outside City
Base Charge per Residence	$ 2,949	$ 4,126
Additional Charge per Square Foot of Gross Lot Size	0.61	0.85
MULTI-FAMILY RESIDENTIAL (Two or More Dwelling Units Served Through Single Tap)		
Base charge for a duplex or the first two household units that are served through a single tap	$ 9,232	$ 12,921
Charge for each additional household unit above two units that are served through a single tap	1,803	2,522

Single Family & Multi-Family Applicability: Licenses for single family and multi-family residential treated water taps within the City and County of Denver and Denver Water's service areas, including special contracts. 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 fo 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		Non-Potable Water	
Tap Size	Inside City	Outside City	Inside City	Outside City
3/4"	$ 7,482	$ 10,472	$ 5,262	$ 7,367
1"	19,506	27,300	14,057	19,673
1 1/2"	41,201	57,675	30,541	42,753
2"	76,097	106,545	56,133	78,588
3"	143,140	200,397	108,097	151,340
4"	203,398	284,758	150,861	211,203
6"	312,923	438,088	242,817	339,942
8"	425,438	595,607	334,774	468,681
10"	587,761	822,857	426,720	597,410
12"	632,786	885,898	518,676	726,149

Non-Residential Applicability: Licenses for all other treated and non-potable water taps within the City and County of Denver and Denver Water service areas, including special contracts. 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		Non-Potable Water	
Description	Inside City	Outside City	Inside City	Outside City
Inside the Combined Service Area				
Acre Foot Conversion ($/AF)	$ 13,713	$ 19,204	$ 9,649	$ 13,515
1,000 Gallons Conversion ($/1,000 gallons)	$ 42.10	$ 58.93	$ 29.62	$ 41.47
Outside the Combined Service Area				
Acre Foot Conversion ($/AF)	n/a	24,352	n/a	17,141
1,000 Gallons Conversion ($/1,000 gallons)		$ 74.73		$ 52.60

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 and Denver Water's service areas. System Development Charges are due and payable prior to issuance of a license to the customer.

Note: Several distributor contracts and water service agreements contain negotiated tap ratio conversions per acre foot and some agreements that contain negotiated and/or 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 the contracts. Tap credit pools are administered consistent with the applicable water service agreement and Denver Water Operating Rules.

	2012	2011	2010	2009[1]	2008	2007	2006	2005	2004	2003
City of Denver - Schedule 1										
Residential - Consumption Charge per 1,000 Gallons										
First 11,000 Gallons	**$ 2.54**	$ 2.41	$ 2.11	$ 1.91	-	-	-	-	-	-
12,000 - 30,000 Gallons	**5.09**	4.82	4.22	3.82	-	-	-	-	-	-
31,000 - 40,000 Gallons	**7.63**	7.23	6.33	5.73	-	-	-	-	-	-
Over 40,000 Gallons	**10.17**	9.64	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
22,000 - 60,000 Gallons	-	-	-	-	3.62	3.44	2.21	2.05	1.96	1.90
Over 60,000 Gallons	-	-	-	-	-	-	-	2.57	2.45	2.37
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]	**2.82**	2.67	2.33	2.17	-	-	-	-	-	-
Over 15,000 Gallons	**3.38**	3.20	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
Over 30,000 Gallons	-	-	-	-	2.52	2.34	1.91	1.82	1.73	1.67
All Other Retail - Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**1.78**	1.69	1.54	1.48	2.06	1.89	1.64	1.53	1.41	1.36
Summer - All Consumption	**3.57**	3.38	3.08	2.96	2.47	2.27	1.97	1.84	1.69	1.63
Irrigation Only- Consumption Charge per 1,000 Gallons										
Winter - All Consumption	**1.20**	1.14	1.00	1.49	2.02	-	-	-	-	-
Summer - All Consumption	**4.81**	4.56	4.00	3.17	2.50	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	**6.33**	6.00	5.58	4.41	3.82	3.87	-	-	3.41	3.09
Bimonthly Service Charge	-	-	-	-	6.07	5.98	-	-	4.91	4.43
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	**$ 2.49**	$ 2.36	$ 2.00	$ 2.00	-	-	-	-	-	-
12,000 - 30,000 Gallons	**4.98**	4.72	4.00	4.00	-	-	-	-	-	-
31,000 - 40,000 Gallons	**7.47**	7.08	6.00	6.00	-	-	-	-	-	-
Over 40,000 Gallons	**9.96**	9.44	8.00	8.00	-	-	-	-	-	-
Prior to July 6, 2009										
First 22,000 Gallons	-	-	-	-	$ 1.90	$ 2.11	$ 2.48	$ 2.28	$ 2.08	$ 1.97
22,000 - 60,000 Gallons	-	-	-	-	3.80	4.22	2.98	2.74	2.50	2.36
Over 60,000 Gallons	-	-	-	-	-	-	-	3.42	3.12	2.96
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	-	-	1.08	1.08	0.98	0.92	-	-	-	-
Summer - All Consumption	-	-	4.32	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]	**3.21**	3.04	2.57	2.57	-	-	-	-	-	-
Over 15,000 Gallons	**3.85**	3.65	3.08	3.08	-	-	-	-	-	-
Prior to July 6, 2009										
First 30,000 Gallons[3]	-	-	-	-	2.27	2.13	2.10	1.98	1.89	1.83
Over 30,000 Gallons	-	-	-	-	2.72	2.56	2.52	2.38	2.27	2.20

[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)

	2012	2011	2010	2009[1]	2008	2007	2006	2005	2004	2003
Outside City Read and Bill - Schedule 2 (Continued)										
All Other Retail - Consumption Charge per 1000 Gallons										
Winter - All Consumption	**$ 2.20**	$ 2.09	$ 1.99	$ 1.99	$ 2.50	$ 2.42	$ 2.23	$ 2.00	$ 1.84	$ 1.70
Summer - All Consumption	**4.41**	4.18	3.98	3.98	3.00	2.90	2.68	2.40	2.21	2.04
Irrigation Only - Consumption Charge per 1000 Gallons										
Winter - All Consumption	**1.29**	1.22	1.09	1.78	2.35	-	-	-	-	-
Summer - All Consumption	**5.15**	4.88	4.36	3.94	3.08	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	**6.33**	6.00	5.58	4.41	3.82	3.87	-	-	3.41	3.09
Bimonthly Service Charge	**-**	-	-	-	6.07	5.98	-	-	4.91	4.43
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	**$ 2.85**	$ 2.70	$ 2.59	$ 2.43	-	-	-	-	-	-
12,000 - 30,000 Gallons	**5.70**	5.40	5.18	4.86	-	-	-	-	-	-
31,000 - 40,000 Gallons	**8.55**	8.10	7.77	7.29	-	-	-	-	-	-
Over 40,000 Gallons	**11.39**	10.80	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
22,000 - 60,000 Gallons	**-**	-	-	-	4.54	4.44	3.50	3.31	3.05	2.89
Over 60,000 Gallons	**-**	-	-	-	-	-	-	4.14	3.81	3.62
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]	**3.84**	3.64	3.39	3.31	-	-	-	-	-	-
Over 15,000 Gallons	**4.61**	4.37	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
Over 30,000 Gallons	**-**	-	-	-	3.56	3.32	3.10	2.70	2.57	2.57
All Other Retail - Consumption Charge per 1000 Gallons										
Winter - All Consumption	**2.44**	2.31	2.16	2.16	2.98	2.89	2.41	2.14	1.98	1.96
Summer - All Consumption	**4.87**	4.62	4.32	4.32	3.58	3.47	2.89	2.57	2.38	2.35
Irrigation Only - Consumption Charge per 1000 Gallons										
Winter - All Consumption	**1.39**	1.32	1.26	2.02	2.78	-	-	-	-	-
Summer - All Consumption	**5.57**	5.28	5.04	4.33	3.61	-	-	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	**6.33**	6.00	5.58	4.41	3.82	3.87	-	-	3.41	3.09
Bimonthly Service Charge	**-**	-	-	-	6.07	5.98	-	-	4.91	4.43
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	**$ 3.64**	$ 3.45	$ 3.01	$ 3.01	$ 2.67	$ 2.55	$ 2.36	$ 2.20	$ 2.00	$ 1.89
Service Charge/Meter Charge										
Monthly Service Charge	**6.33**	6.00	5.58	4.41	3.82	3.87	-	-	3.41	3.09
Bimonthly Service Charge	**-**	-	-	-	6.07	5.98	-	-	4.91	4.43
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.

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	2012	2011	2010	2009[1]	2008	2007	2006	2005	2004	2003
Outside City Master Meter Maintenance - Schedule 5										
Consumption Charge per 1000 Gallons - All Consumption	**$ 4.96**	$ 4.70	$ 4.45	$ 4.31	$ 3.93	$ 3.72	$ 3.43	$ 3.15	$ 2.77	$ 2.56
Service Charge/Meter Charge										
Monthly Service Charge	**6.33**	6.00	5.58	4.41	3.82	3.87	-	-	3.41	3.09
Bimonthly Service Charge	**-**	-	-	-	6.07	5.98	-	-	4.91	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	**$ 0.50**	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47
Outside City - All Consumption	**0.86**	0.81	0.77	0.73	0.67	0.67	0.62	0.58	0.53	0.49
Outside Combined Service Area - All Consumption	**1.01**	0.95	0.90	0.85	0.76	0.76	0.71	-	-	-
Recycled - Consumption Charge per 1000 Gallons										
Inside City Recycled - All Consumption	**0.99**	0.93	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	**1.11**	1.05	0.91	0.90	0.76	0.77	0.71	0.83	0.76	-
Recycled Service Meter Charge										
Monthly Service Charge	**6.33**	6.00	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	**$ 4.05**	$ 3.83	$ 3.36	$ 3.19	$ 3.13	$ 2.68	$ 2.54	-	-	-
Service Charge/Meter Charge										
Monthly Service Charge	**6.33**	6.00	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 - 2012
(NON-ACCRUAL BASIS)[1]

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

	Revenue	Gallons Sold (000)	Number of Taps
OUTSIDE CITY - MASTER METER DISTRIBUTORS			
Alameda Water & Sanitation District	$ 337,382	92,795	336
Bancroft-Clover Water & Sanitation District	6,009,841	1,654,524	8,773
Bonvue Water & Sanitation District	48,738	13,413	169
Bow-Mar Water & Sanitation District	241,107	66,233	290
Cherry Creek Valley Water & Sanitation District	3,361,306	926,039	1,966
Cherry Creek Village Water & Sanitation District	614,545	169,003	464
Consolidated Mutual Water Company	10,145,697	2,794,327	15,682
Crestview Water & Sanitation District	2,270,060	625,180	4,532
City of Edgewater	768,649	211,612	1,484
City of Glendale	977,181	269,326	240
Green Mountain Water & Sanitation District	6,453,259	1,776,104	10,103
High View Water District	564,755	155,505	892
Ken-Caryl Water & Sanitation District	2,920,090	885,241	3,703
Lakehurst Water & Sanitation District	3,929,106	1,083,702	5,508
City of Lakewood	779,872	214,885	739
Meadowbrook Water & Sanitation District	628,654	173,013	1,299
North Pecos Water & Sanitation District	544,668	149,877	409
North Washington Street Water & Sanitation District	3,198,331	880,760	3,629
Northgate Water District	21,506	5,903	4
South Adams County Water & Sanitation District	175,036	48,262	167
Valley Water District	2,098,690	577,867	1,778
Wheat Ridge Water District	3,271,080	900,558	5,852
Willowbrook Water & Sanitation District	1,840,946	506,555	3,333
Willows Water District	3,162,138	870,121	4,733
Total Sales for Master Meter Distributors	54,362,635	15,050,805	76,085
OUTSIDE THE COMBINED SERVICE AREA			
Chatfield South Water District	28,030	6,926	
City and County of Broomfield	5,083,757	1,398,130	
East Cherry Creek Valley Water District	1,050,113	259,438	
GSA	384,265	105,615	
Inverness Water District	206,127	67,582	
Rocky Mountain Arsenal	25,683	170,231	
South Adams County Special Contract Area	2,986,023	739,433	
Suncor Energy USA	2,905,212	810,737	
Total Sales for Other Contracts at Wholesale Rates	12,669,210	3,558,092	
Total Sales of Treated Water for Resale	$ 67,031,845	18,608,897	76,085

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

10 LARGEST RETAIL CUSTOMERS - WATER CONSUMPTION AND REVENUE - 2012
(NON-ACCRUAL BASIS)

	Consumption		Revenue	
Account Type	Gallons Sold (000)	Percent of Total Gallons Sold	Water Revenue[1]	Percent of Total Water Revenue
Petroleum Company	873,538	1.16%	$ 3,161,177	1.33%
Public School System	542,691	0.72%	1,949,944	0.82%
Housing Authority	385,047	0.51%	1,284,630	0.54%
Public Utility	331,249	0.44%	998,373	0.42%
Parks System	225,510	0.30%	1,173,519	0.49%
Beverage Company	152,179	0.20%	415,957	0.17%
Retail Grocer	135,423	0.18%	402,588	0.17%
Private University	125,609	0.17%	398,739	0.17%
Public School System	119,200	0.16%	529,754	0.22%
Residential Community	110,838	0.15%	359,439	0.15%
Total of the 10 largest customers	3,001,284	3.99%	$ 10,674,118	4.48%
Total sales of treated water	68,976,345		$ 263,080,340	

[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 2,395 million gallons of treated water to the City and County of Denver. Revenues from these sales were $5.97 million.

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION RECEIPTS: 1973 - 2012

(Cash basis - net of refunds)

	System Development Charges ("SDC")	Participation Receipts (aka Contributions in Aid of Construction)
2012	$ 19,542,981	$ 2,229,772
2011	14,233,334	7,023,244
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
	$ 612,872,337	$150,157,898

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: 2003 - 2012

(amounts expressed in thousands, except debt per capita)

	Total Principal Balance Outstanding Debt by Type[1]								
	General	Water	Capital Leases						
Year	Obligation Bonds	Revenue Bonds	Certificates of Participation	Other	Total	Gross Revenues[2,4,5,6]	Ratio of Total Debt to Gross Revenue[4,5]	Estimated Population Served[3]	Debt Per Capita
2003	156,345	127,155	59,160	29,581	372,241	176,011	2.11	1,052,000	354
2004	117,375	164,365	54,555	28,561	364,856	198,383	1.84	1,055,000	346
2005	100,340	191,090	49,755	27,471	368,656	200,402	1.84	1,057,000	349
2006	86,300	182,840	44,436	26,306	339,882	242,085	1.40	1,064,000	319
2007	61,545	280,080	39,515	25,061	406,201	238,689	1.70	1,077,000	377
2008	42,725	277,490	33,805	23,731	377,751	248,074	1.52	1,093,000	346
2009	31,170	309,025	27,835	22,308	390,338	216,094	1.81	1,111,000	351
2010	28,090	377,665	21,630	20,790	448,175	259,730	1.73	1,125,000	398
2011	23,825	371,560	-	19,166	414,551	279,682	1.48	1,135,000	365
2012	500	401,420	-	17,431	419,351	314,026	1.34	1,147,000	366

[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 statement 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 (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC.

[3] Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water." Population estimates for 2002 through 2010 were revised based on the 2010 census.

[4]In 2009 the interest subsidy for Build America Bonds in the amount of $463,000 was netted against debt expense. In 2010 and future years the subsidy is include 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.

[6]In 2011 the statement of cash flows format was changed to include proceeds from prepaid SDC and CIAC amounts. This change will be reflected in Gross Revenues in 2009 and future years.

PLEDGED-REVENUE COVERAGE: 2003 - 2012

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

Year	Gross Revenues [2,4,5,6,7]	Less Operating Expenses [3,5]	Net Available Revenue	Total Debt Service[1]			Coverage
				Principal	Interest	Total	
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	216,094	155,127	60,967	31,413	18,741	50,154	1.22
2010	259,730	168,501	91,229	32,164	19,065	51,229	1.78
2011	279,682	163,167	116,515	33,624	22,335	55,959	2.08
2012	314,026	156,525	157,501	24,715	19,740	44,455	3.54

[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 (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC.

[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 and future years 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.

[7]In 2011 the statement of cash flows format was changed to include proceeds from prepaid SDC and CIAC amounts. This change will be reflected in Gross revenues in 2009 and future years.

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 2003 - 2012
(amounts expressed in thousands, except debt per capita)

Year	General Obligation Bonds[1]	Gross Revenues[2,4,5,6]	Ratio of General Obligation Debt to Gross Revenue	Estimated Population Served[3]	General Obligation Debt per Capita
2003	156,345	176,011	0.89	1,052,000	149
2004	117,375	198,383	0.59	1,055,000	111
2005	100,340	200,402	0.50	1,057,000	95
2006	86,300	242,085	0.36	1,064,000	81
2007	61,545	238,689	0.26	1,077,000	57
2008	42,725	248,074	0.17	1,093,000	39
2009	31,170	216,094	0.14	1,111,000	28
2010	28,090	259,730	0.11	1,125,000	25
2011	23,825	279,682	0.09	1,135,000	21
2012	500	314,026	0.00	1,147,000	-

[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 (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC.

[3] Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water." Population estimates for 2002 through 2010 were revised based on 2010 census.

[4] In 2009 the interest subsidy for Build America Bonds in the amount of $463,000 was netted against debt expense. In 2010 and future years 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.

[6] In 2011 the statement of cash flows format was changed to include proceeds from prepaid SDC and CIAC amounts. This change will be reflected in Gross revenues in 2009 and future years.

RATIOS OF WATER REVENUE BONDED DEBT OUTSTANDING: 2003 - 2012

(amounts expressed in thousands, except debt per capita)

Year	Water Revenue Bonds[1]	Gross Revenues[2,4,5,6]	Ratio of Water Revenue Debt to Gross Revenue	Estimated Population Served[3]	Water Revenue Debt per Capita
2003	127,155	176,011	0.72	1,052,000	121
2004	164,365	198,383	0.83	1,055,000	156
2005	191,090	200,402	0.95	1,057,000	181
2006	182,840	242,085	0.76	1,064,000	172
2007	280,080	238,689	1.17	1,077,000	260
2008	277,490	248,074	1.12	1,093,000	254
2009	309,025	216,094	1.43	1,111,000	278
2010	377,665	259,730	1.45	1,125,000	336
2011	371,560	279,682	1.33	1,135,000	327
2012	401,420	314,026	1.28	1,147,000	350

[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 (CIAC) and prepaid CIAC, and cash proceeds from system development charges (SDC) and prepaid SDC.

[3] Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water." Population estimates for 2002 through 2010 were revised based on 2010 census.

[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.

[6] In 2011 the statement of cash flows format was changed to include proceeds from prepaid SDC and CIAC amounts. This change will be reflected in Gross revenues in 2009 and future years.

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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The following is general information concerning the economic and demographic conditions in the City and County of Denver ("Denver" or the "City") and the immediate vicinity. The statistics presented below have been obtained from the sources indicated and represent the most current information available from such sources. However, certain 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.

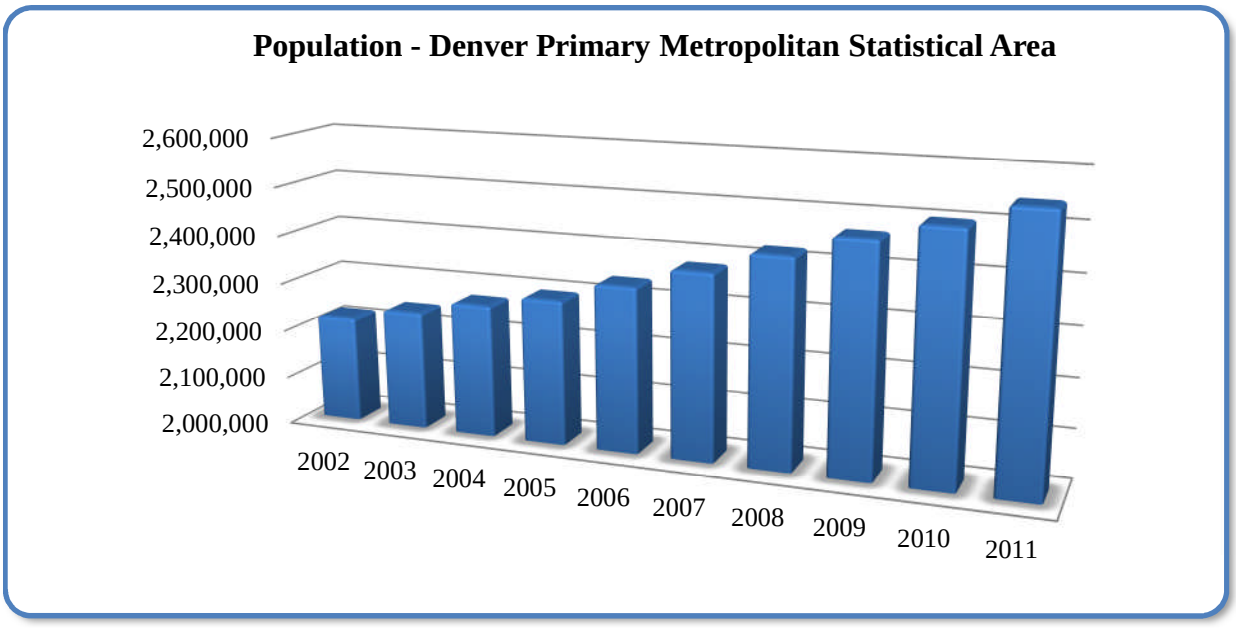
Population

The following table sets forth population statistics for Denver, the Denver Primary Metropolitan Statistical Area ("PMSA") and the State of Colorado. The Denver PMSA includes the counties of Adams, Arapahoe, Denver, Douglas, and Jefferson.

Population Estimates (n/a = not available)

Year	Denver	Denver PMSA	State of Colorado
2001	563,300	2,192,900	4,444,513
2002	559,090	2,220,450	4,504,709
2003	560,348	2,245,902	4,555,084
2004	560,230	2,274,818	4,608,811
2005	559,459	2,299,267	4,662,534
2006	562,862	2,340,064	4,745,660
2007	570,437	2,381,281	4,821,784
2008	581,903	2,424,992	4,901,938
2009	595,573	2,468,523	4,976,853
2010	604,879	2,502,291	5,049,717
2011	620,917	2,546,829	5,118,526
2012	n/a	n/a	n/a

Source: Colorado Department of Local Affairs, Division of Local Government, State Demography Office. Last updated July 2011.



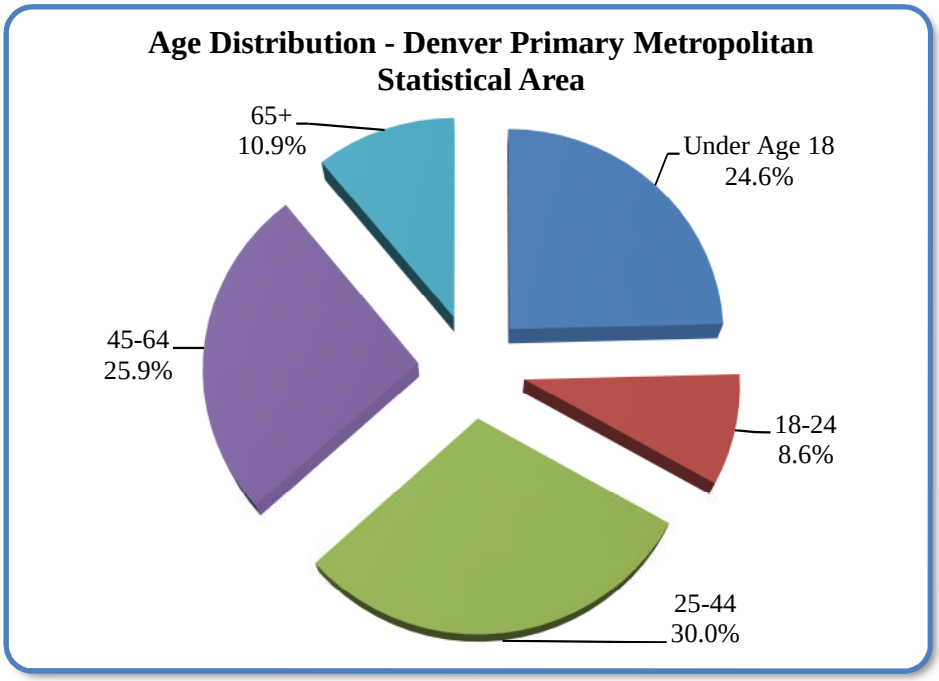
Age Distribution

The following table sets forth an estimated comparative age distribution profile for Denver, the Denver PMSA, the State and the United States as of January 1, 2012.

Age Distribution as of January 1, 2012
(Columns may not add to 100% due to rounding)

Age Groups	Percent of Population		
	Denver	Denver PMSA	State of Colorado
Under 18	22.0%	24.6%	24.0%
18-24	9.0	8.6	9.6
25-44	36.1	30.0	28.2
45-64	22.0	25.9	26.4
65+	10.8	10.9	11.8

Sources: Colorado Department of Local Affairs, Division of Local Government, State Demography Office.



Income

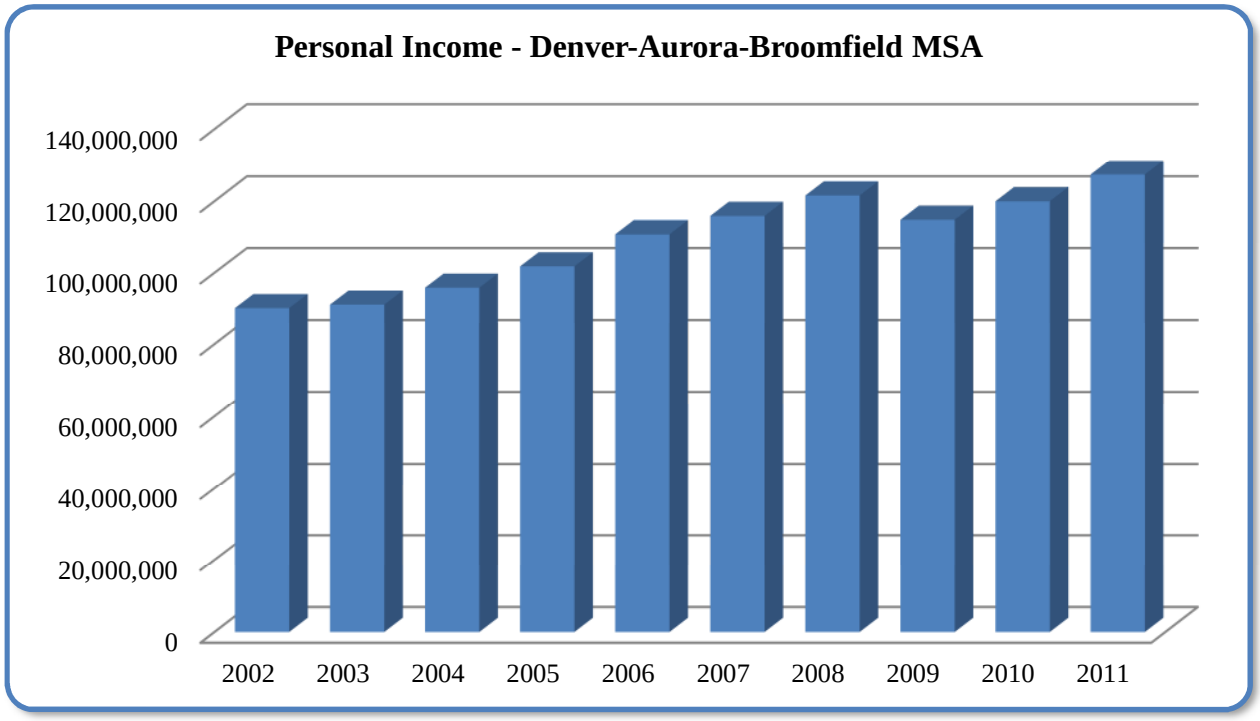
The following tables set forth recent annual personal income and per capita personal income levels for Denver, the Denver-Aurora-Broomfield Metropolitan Statistical Area ("MSA"), the State and the United States from 2000 through 2012 as reported by the U.S. Department of Commerce, Bureau of Economic Analysis. The Denver-Aurora-Broomfield MSA includes the counties of Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson and Park.

Personal Income

(Current dollars, not adjusted for inflation. Amounts expressed in thousands. n/a = not available)

Year	Denver	Denver-Aurora-Broomfield MSA	State of Colorado	United States
2002	23,834,124	90,192,590	157,751,910	9,054,702,000
2003	23,932,608	91,152,950	159,917,882	9,369,072,000
2004	25,030,759	95,852,508	168,586,778	9,928,790,000
2005	26,593,158	101,788,325	179,695,454	10,476,669,000
2006	29,534,471	110,887,829	194,389,681	11,256,516,000
2007	30,036,481	115,940,385	205,242,380	11,900,562,000
2008	31,699,033	121,543,652	216,029,937	12,451,660,000
2009	29,204,081	114,884,831	204,624,615	11,852,715,000
2010	31,599,107	119,985,801	212,545,078	12,308,496,000
2011	33,811,096	127,324,066	225,410,479	12,949,905,000
2012	n/a	n/a	n/a	n/a

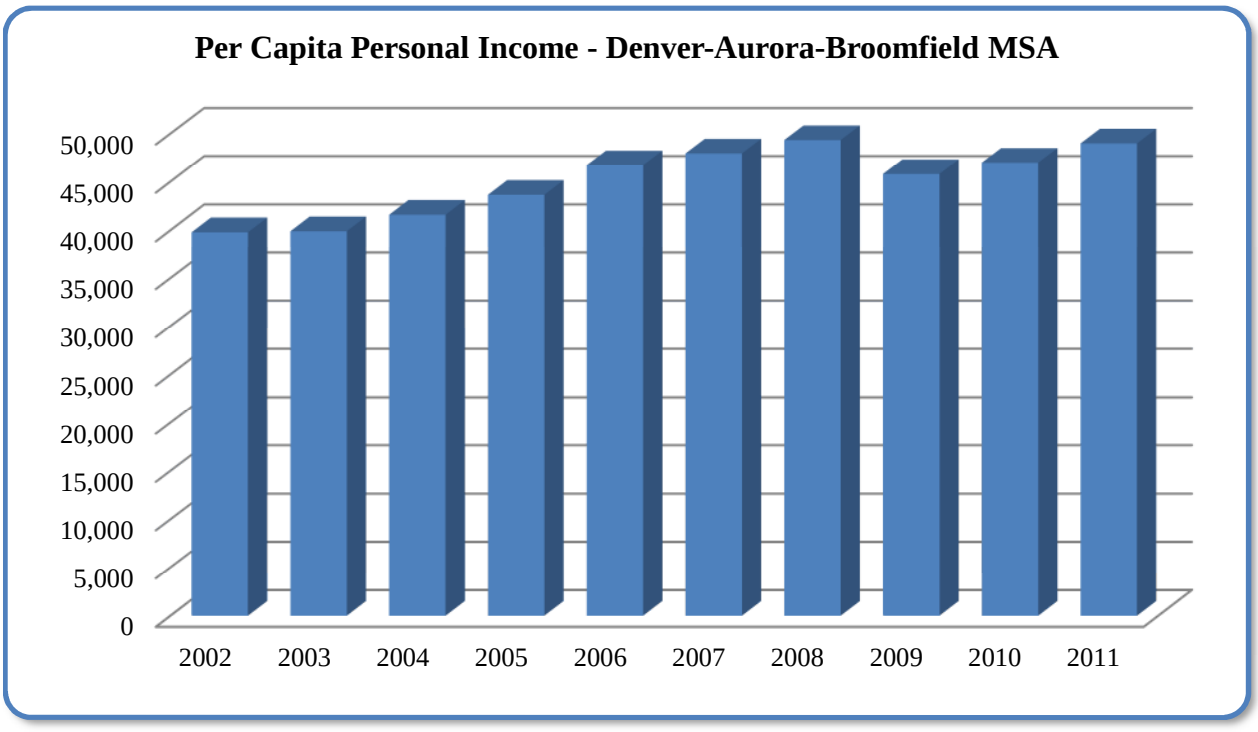
Source: U.S. Department of Commerce, Bureau of Economic Analysis. Last updated 11/26/12, except Colorado & US 9/25/12.



Per Capita Personal Income
(Current dollars, not adjusted for inflation. n/a = not available)

Year	Denver	Denver-Aurora-Broomfield MSA	State of Colorado	United States
2002	42,806	39,789	35,131	31,481
2003	43,310	39,894	35,312	32,295
2004	45,448	41,588	36,849	33,909
2005	48,203	43,634	38,795	35,452
2006	53,034	46,705	41,181	37,725
2007	53,219	47,935	42,724	39,506
2008	55,060	49,328	44,180	40,947
2009	49,582	45,781	41,154	38,637
2010	52,365	46,969	42,107	39,791
2011	54,537	48,980	44,053	41,560
2012	n/a	n/a	n/a	n/a

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Last updated 11/26/12, except Colorado & US 9/25/12.



Employment

The following table sets forth recent total labor force, employment and unemployment statistics for Denver, the Denver-Aurora MSA and the State. The national unemployment rate is estimated to be approximately 7.7% as of February 2013.

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

Denver

Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	Unemployment Rate
2002	300.1	--	20.2	6.7
2003	303.4	1.1%	22.0	7.2
2004	303.6	0.1	20.1	6.6
2005	304.9	0.4	17.6	5.8
2006	309.9	1.6	14.8	4.8
2007	317.2	2.4	13.3	4.2
2008	325.2	2.5	17.3	5.3
2009	326.3	0.3	29.4	9.0
2010	323.1	(1.0)	32.1	9.9
2011	322.1	(0.3)	29.3	9.1
2012	n/a	n/a	n/a	n/a

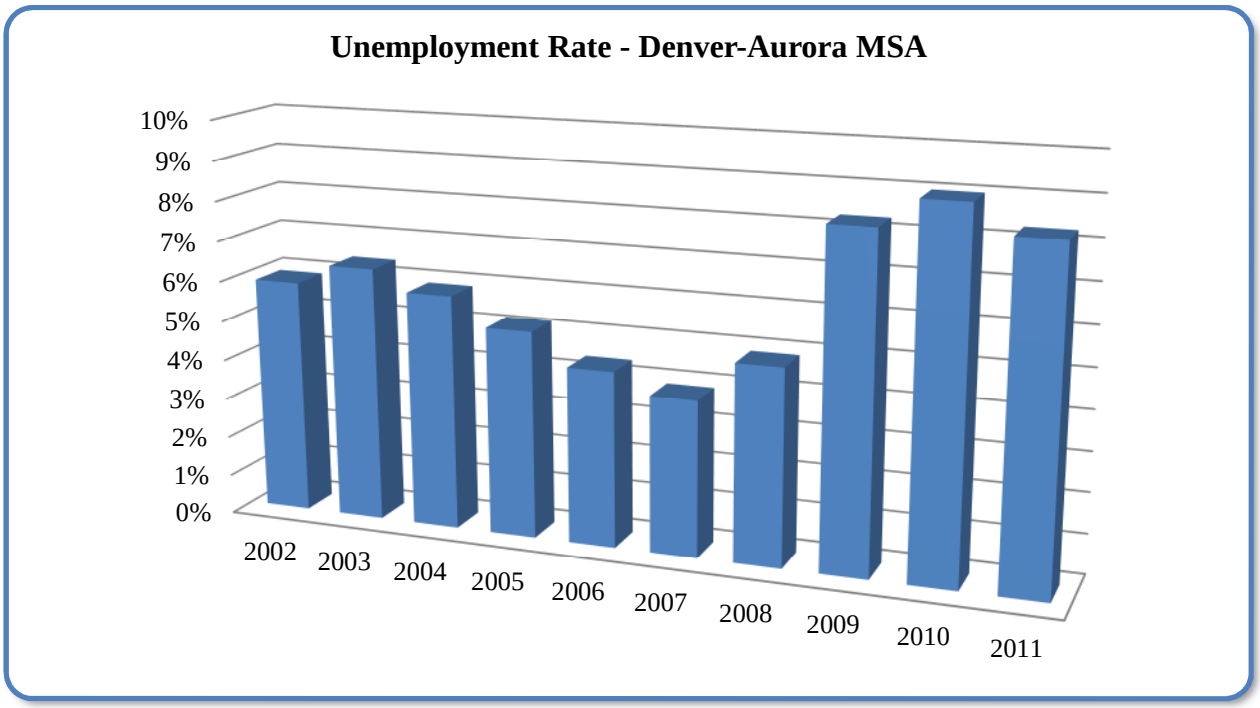
Denver-Aurora MSA

Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	Unemployment Rate
2002	1,255.5	--	74.5	5.9%
2003	1,287.7	2.6%	83.0	6.4
2004	1,303.5	1.2	76.4	5.9
2005	1,326.9	1.8	69.6	5.2
2006	1,355.7	2.2	59.2	4.4
2007	1,369.4	1.0	52.9	3.9
2008	1,401.3	2.3	68.7	4.9
2009	1,399.9	(0.1)	116.7	8.3
2010	1,401.4	0.1	126.3	9.0
2011	1,399.8	(0.1)	116.7	8.3
2012	n/a	n/a	n/a	n/a

State of Colorado

Year	Labor Force (Thousands)	% Change	Unemployed (Thousands)	Unemployment Rate
2002	2,442.7	--	138.6	5.7%
2003	2,492.3	2.0%	152.8	6.1
2004	2,535.4	1.7	142.5	5.6
2005	2,588.4	2.1	132.6	5.1
2006	2,655.6	2.6	113.7	4.3
2007	2,685.0	1.6	101.6	3.8
2008	2,731.1	1.4	131.3	4.8
2009	2,732.8	(0.4)	221.6	8.1
2010	2,720.5	(1.5)	244.7	9.0
2011	2,723.1	1.3	233.1	8.6
2012	2,743.3	0.7	219.7	8.0

Source: Colorado Department of Labor and Employment



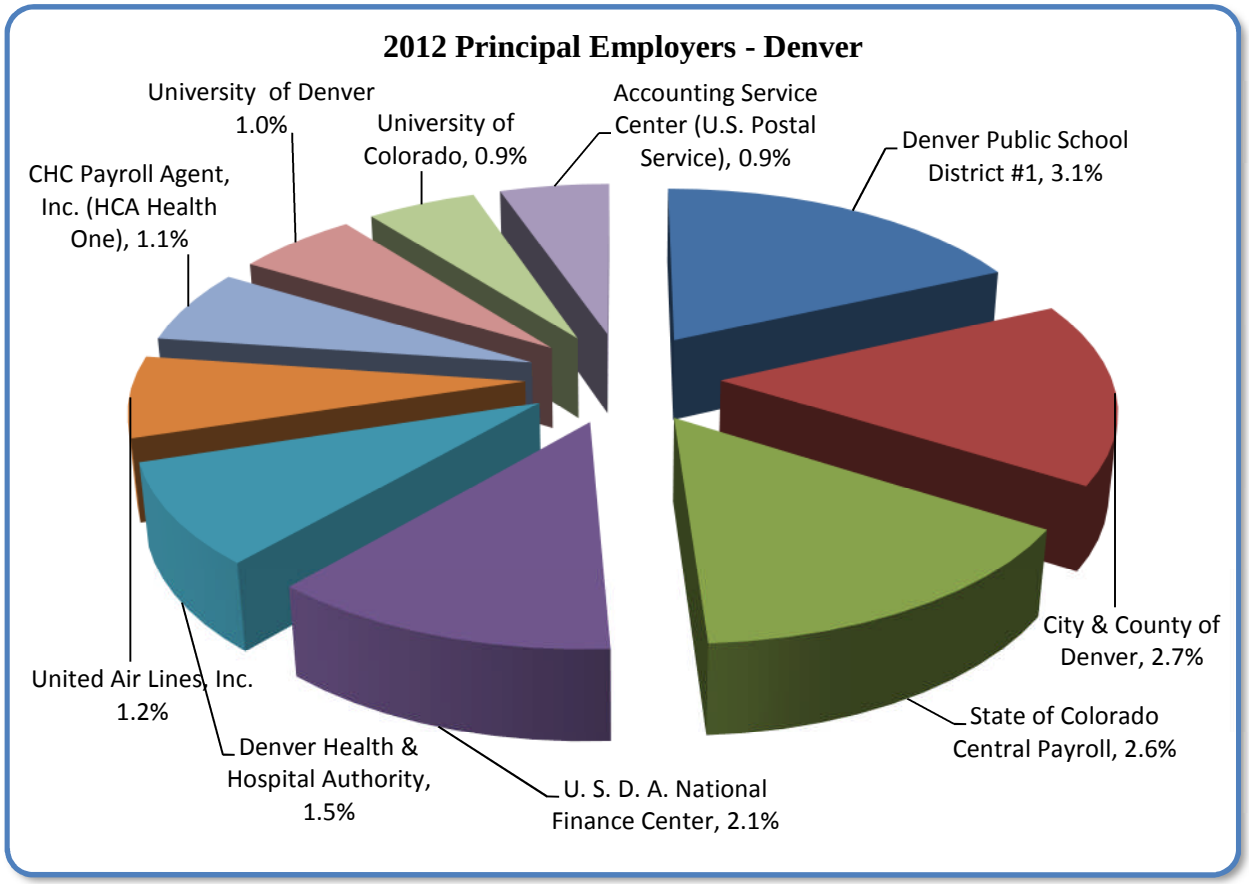
Principal Employers

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

	2012			2003		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Denver Public School District #1	11,332	1	3.1%	10,272	1	2.8%
City & County of Denver	9,704	2	2.7	9,871	2	2.7
State of Colorado Central Payroll	9,606	3	2.6	8,886	3	2.4
U. S. D. A. National Finance Center	7,593	4	2.1	4,634	6	1.3
Denver Health & Hospital Authority	5,314	5	1.5	3,138	9	0.9
United Air Lines, Inc.	4,209	6	1.2	6,378	5	1.7
CHC Payroll Agent, Inc. (HCA Health One)	4,180	7	1.1	3,408	8	0.9
University of Denver	3,713	8	1.0	2,845	10	0.8
University of Colorado	3,314	9	0.9	6,865	4	1.9
Accounting Service Center (U.S. Postal Svc.)	3,262	10	0.9	3,993	7	1.1
Total	62,227		17.1%	60,290		16.5%

Source: Based on 2012 and 2003 Occupational Privilege Tax Remitters.



New Residential Building Construction

Set forth in the following table are recent historical residential building permit statistics for Denver and the Denver metropolitan area (Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson counties).

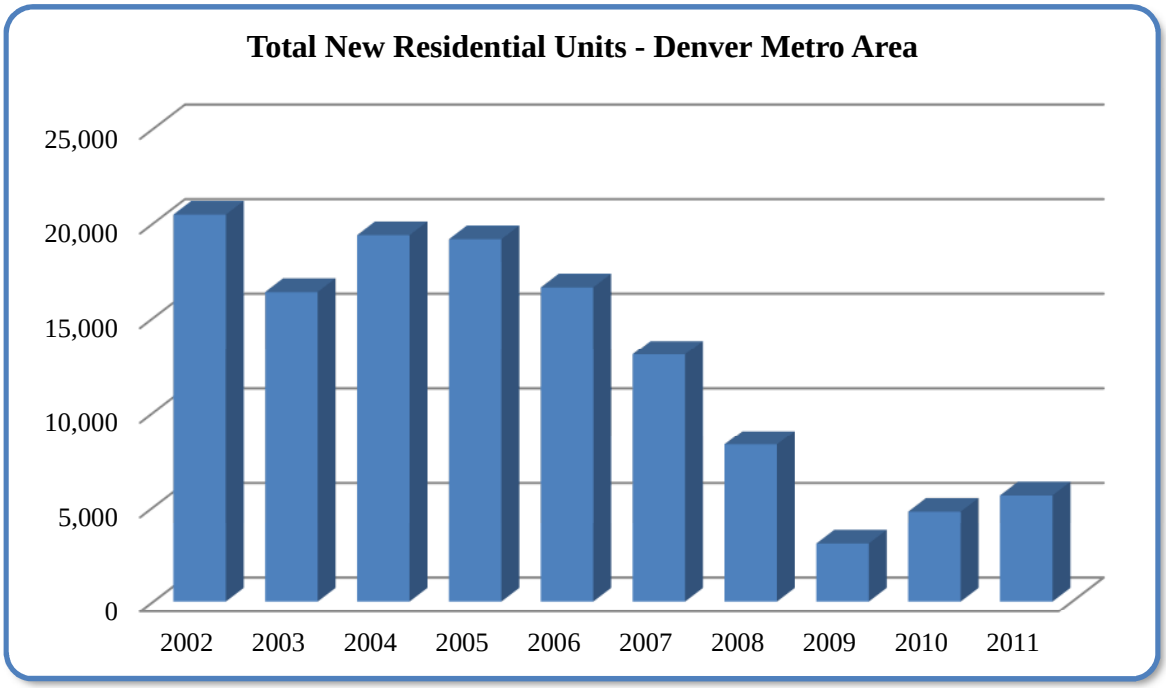
New Residential Units in Denver and the Denver Metropolitan Area

	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
2002	1,475	1,244	1,336	4,055	12,481	3,910	4,055	20,446
2003	1,482	1,035	987	3,504	11,369	3,149	1,832	16,350
2004	1,419	1,087	1,174	3,680	12,736	4,315	2,319	19,370
2005	1,842	735	140	2,717	14,487	4,212	459	19,158
2006	1,428	1,658	319	3,405	10,129	4,866	1,590	16,585
2007	1,216	1,600	389	3,205	6,560	3,733	2,761	13,054
2008	802	207	2,511	3,520	3,350	804	4,129	8,283
2009	358	176	168	702	2,184	519	334	3,037
2010	535	213	425	1,173	3,126	666	965	4,757
2011	623	210	1,215	2,048	3,122	611	1,875	5,608
2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

[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.



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]: 2003 - 2012

Division/Section	2012	2011 [2]	2010	2009 [3]	2008	2007	2006	2005	2004	2003
Manager & Staff Division	**10.0**	7.0	7.0	7.0	15.0	15.0	14.0	14.0	14.0	13.0
Human Resources Division	**36.8**	23.8	23.8	22.8	20.0	19.0	24.8	27.8	27.8	27.8
Information Technology Division	**74.5**	68.5	68.5	69.0	61.0	57.8	58.8	57.8	59.8	61.8
Public Affairs Division										
Director of Public Affairs	**2.0**	6.0	4.0	4.0	8.0	7.0	6.0	7.0	7.0	7.0
Community Relations	**6.8**	8.6	9.6	9.6	6.0	5.4	4.2	4.2	4.0	5.2
Communications and Marketing	**10.4**									
Conservation	**15.0**	15.0	17.0	17.0	15.0	12.0	10.0	9.8	12.0	12.0
Central Services	-	-	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
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
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
	34.2	29.6	172.6	176.6	161.0	149.2	139.8	137.6	143.6	147.8
Customer Relations										
Director of Customer Relations	**2.0**	2.0	-	-	-	-	-	-	-	-
Central Services	**1.0**	3.0	-	-	-	-	-	-	-	-
Customer Care	**42.8**	42.2	-	-	-	-	-	-	-	-
Customer Services - Field	**64.0**	66.0	-	-	-	-	-	-	-	-
Meter Inspection Shop		7.0	-	-	-	-	-	-	-	-
Sales Administration	**13.0**	12.8	-	-	-	-	-	-	-	-
	122.8	133.0	-	-	-	-	-	-	-	-
Legal Division	**14.4**	13.6	13.6	14.6	12.0	13.8	13.3	12.3	13.5	12.5
Finance Division										
Director of Finance	**1.0**	1.0	1.0	2.0	9.0	9.0	10.0	9.0	9.0	9.0
Finance Computer Support	**2.0**	2.0	2.0	2.0	-	-	-	-	-	-
Treasury Operations	**9.0**	8.0	7.0	8.0	7.0	7.0	7.0	6.0	5.0	5.0
Budget	**3.0**	4.0	4.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Purchasing	**11.0**	9.0	5.0	9.0	8.0	8.0	9.0	9.0	9.0	8.0
Accounting	**20.0**	20.0	19.0	19.0	19.0	18.0	17.0	18.0	19.0	19.0
Rate Administration	**3.0**	3.0	3.0	4.0	3.0	2.0	2.0	2.0	2.0	2.0
Records & Document Administration	**9.0**	9.0	9.0	9.0	6.0	6.0	8.0	6.0	6.0	8.0
	58.0	56.0	50.0	58.0	56.0	54.0	57.0	54.0	54.0	55.0
Engineering Division										
Administration	**7.8**	7.8	6.0	6.0	3.0	6.0	8.0	9.0	9.0	8.6
Programs & Projects	**57.9**	53.9	57.0	57.0	49.0	39.0	36.0	35.0	37.0	37.0
Survey	**25.0**	26.0	26.0	26.0	26.0	25.0	26.0	25.0	24.0	25.0
Distribution	**39.0**	40.0	41.0	40.0	41.0	39.0	37.0	38.0	38.0	37.0
Asset Recording	**7.0**	7.0	7.0	7.0	7.0	7.0	-	-	-	-
Construction Management	**25.0**	24.0	24.0	23.0	21.0	23.0	19.0	20.0	22.0	22.0
	161.7	158.7	161.0	159.0	147.0	139.0	126.0	127.0	130.0	129.6
Planning Division										
Director of Planning	**3.0**	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	3.0
Environmental Planning	**5.6**	5.6	5.6	5.6	5.0	4.6	5.6	5.6	5.6	4.6
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**	9.0	11.0	11.0	11.0	10.8	10.7	10.8	10.8	10.8
Water Resource Planning	**3.0**	3.0	2.0	2.0	2.0	-	-	-	-	-
Demand Planning	**4.0**	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	4.0
Hydraulics	**9.0**	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0
	48.6	45.6	46.6	46.6	45.0	41.4	42.3	42.4	41.4	42.4
Operations and Maintenance Division										
Plant Office	**3.0**	4.0	4.0	4.0	3.0	3.0	3.0	4.0	4.0	4.0
Water Quality & Compliance	**42.0**	37.0	33.0	33.0	32.0	32.0	31.8	31.8	31.8	31.0
Safety and Loss Control	**15.0**	16.0	14.0	16.0	15.0	14.0	13.0	14.0	15.0	12.0
Source of Supply	**57.0**	59.0	61.0	60.0	60.0	53.0	56.0	59.0	56.0	59.0
Water Treatment	**84.0**	88.0	89.0	89.0	92.0	90.0	86.0	88.0	83.0	79.0
Transmission & Distribution	**142.0**	144.0	157.0	149.0	145.0	144.0	154.0	156.0	157.0	158.0
Treated Water Operations	**58.0**	59.0	59.0	57.5	57.0	54.0	55.0	57.0	57.0	59.0
Instrumentation & Ctrl Systems	**14.0**	12.0	11.0	12.0	11.0	11.0	6.0	7.0	19.0	21.0
Maintenance and Warehouse	**113.0**	115.0	118.0	121.0	123.0	120.0	124.0	123.0	131.0	129.0
Emergency Mangement	**2.0**									
	530.0	534.0	546.0	541.5	538.0	521.0	528.8	539.8	553.8	552.0
Total All Divisions	**1,091.0**	1,069.8	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]Number of employees includes regular and introductory employees. Temporary and project employees are not included.

[2]In 2011, the Customer Relations division was split out from Public Affairs.

[3]In 2009, Director positions were moved to their respective divisions and manager positions were moved to their respective sections.

ADDITIONS TO CAPITAL ASSETS - 2012 (Page 1 of 2)
(amounts expressed in thousands)

NEW FACILITIES

SOURCE OF SUPPLY		
Gravel Pits	$ 10,001	
Williams Fork Reservoir	4,004	
Gross Reservoir	2,006	
Cheesman Reservoir	1,935	
Water Rights	1,261	
Vasques St Louis	692	
Conduit 16	514	
Ralston Reservoir	155	
Ranch Creek	60	
Antero Reservoir	38	
Land Acquistions	41	
Marston Reservoir	15	
Welby Cat Reclaimed Water Pump Station	14	
Other Miscellaneous Source of Supply	5	
Total Source of Supply		20,741
PUMPING PLANT		
Elizabeth Street Pump Station	8,739	
Lakeridge Pump Station	111	
Chatfield Pump Station	84	
Castlewood Pump Station	29	
Lonetree Pump Station	11	
Highlands Pump Station	5	
Montclair Pump Station	5	
Other Miscellaneous Pumping	3	
Total Pumping Plant		8,987
WATER TREATMENT		
Moffat Treatment Plant	548	
Marston Treatment Plant	163	
Foothills Treatment Plant	30	
Total Water Treatment		741
TRANSMISSION AND DISTRIBUTION		
Treated Water Conduits	20,347	
Distribution Mains & Hydrants	4,700	
Lonetree Reservoir	3,082	
Ashland Reservoir	1,872	
Total Transmission and Distribution		30,001
NON UTILITY		
City Ditch	16	
Total Non Utility		16
TOTAL NEW FACILITIES		60,486

ADDITIONS TO CAPITAL ASSETS (Continued) - 2012
(amounts expressed in thousands)

FACILITY REPLACEMENTS AND IMPROVEMENTS		
SOURCE OF SUPPLY		
Harriman Lake	$ 3,525	
Platte Canyon Reservoir	2,436	
Ralston Reservoir	835	
Antero Reservoir	803	
Land & Land Rights	204	
Vasquez St. Louis	346	
Dillon Reservoir	327	
Strontia Springs Reservoir	176	
Roberts Tunnel	131	
Grant Headquarters	116	
Long Lakes Reservoir	115	
South Boulder Conversion Conduit	80	
Burlington Raw Water Pump Station	79	
Gravel Pits	53	
Cheesman Reservoir	42	
Last Chance Ditch	34	
Waterton Canyon	23	
South Boulder Canal	18	
Roberts Tunnel Power Plant	14	
Roberts Tunnel	13	
11 Mile Reservoir	12	
East Portal Gumlick Tunnel	10	
Gross Reservoir	7	
Strontia Springs Power Plant	5	
Total Source of Supply		9,404
PUMPING PLANT		
Broomfield Pump Station	1,150	
Belleview Pump Station	942	
Green Mountain Pump Sation	194	
56th Avenue Pump Sation	135	
Kendrick Pump Station	105	
Cherry Hills Pump Station	66	
Lakeridge Pump Station	39	
Clarkson Pump Station	8	
Other Miscellaneous Pumping	1	
Total Pumping Plant		2,640
WATER TREATMENT		
Foothills Treatment Plant	1,192	
Marston Treatment Plant	776	
Moffat Treatement Plant	214	
Recycle Distribution Treatment Plant	18	
Other Miscellaneous Treatment	3	
Total Water Treatment		2,203
TRANSMISSION AND DISTRIBUTION		
Mains - Replaced, Extend and Relocate	26,522	
Treated Water Conduits	6,604	
Wynetka Decentralization Station	5,239	
Highlands Reservoir	714	
Land & Land Rights Distribution Easements	375	
Kendrick Reservoir	15	
Other Miscellaneous Transmission and Distribution	2	
Total Transmission and Distribution		39,471
GENERAL PLANT		
Administration Building	728	
General Equipment	539	
General Plant	508	
Westside Yards	300	
Kassler Center	26	
Total General Plant		2,101
TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS		55,819
NON-UTILITY		
Highline Canal	483	
TOTAL NON-UTILITY REPLACEMENTS AND IMPROVEMENTS		483
GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS		
Capitalization Software & IT Projects	4,584	
Encoder Receiver Transmitter Device (ERT)	4,366	
Motor Vehicles & Heavy Equipment	2,539	
		11,489
TOTAL PROPERTY, PLANT & EQUIPMENT ADDITIONS		$ 128,277

CAPITAL ASSETS BY FUNCTION: 2003 - 2012
(amounts expressed in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
UTILITY PLANT IN SERVICE:										
Source of supply plant	**$ 655,650**	$ 603,059	$ 601,640	$ 577,785	$ 524,366	$ 490,413	$ 477,999	$ 458,168	$ 448,308	$ 419,350
Pumping plant	**113,103**	111,259	103,259	104,867	86,174	72,101	70,951	70,212	64,728	49,574
Water treatment plant	**463,798**	459,888	380,166	369,704	368,921	333,933	330,394	331,481	315,906	272,104
Transmission and distribution plant	**1,002,493**	937,809	896,618	862,572	830,307	774,953	747,966	726,563	696,718	652,700
General plant and equipment	**153,834**	149,381	135,031	131,128	116,207	111,993	113,928	103,899	100,246	99,278
Leasehold and other improvements	**71,111**	81,656	84,311	89,703	97,840	97,668	90,535	90,522	90,297	85,594
Land held for future use	**14,276**	14,276	14,249	14,257	14,249	14,321	14,050	14,050	14,050	14,062
Total utility plant in service	**2,474,265**	2,357,328	2,215,274	2,150,016	2,038,064	1,895,382	1,845,823	1,794,895	1,730,253	1,592,662
NONUTILITY PLANT IN SERVICE:										
Plant	**9,070**	8,300	8,685	8,738	8,830	8,795	8,802	8,949	9,127	8,927
General equipment	**27**	27	27	27	19	19	69	69	69	60
Idle plant	**-**	-	-	-	-	-	203	-	-	-
Total nonutility plant in service	**9,097**	8,327	8,712	8,765	8,849	8,814	9,074	9,018	9,196	8,987
UTILITY PLANT UNDER CAPITAL LEASE:										
Certificates of participation[1]	**-**	-	70,453	69,962	71,949	79,022	78,584	69,151	74,036	-
Other	**42,980**	42,980	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981
Total utility plant under capital lease	**42,980**	42,980	113,434	112,943	114,930	122,003	121,565	112,132	117,017	42,981
CONSTRUCTION IN PROGRESS	**117,862**	129,770	110,483	77,340	109,316	155,813	119,506	89,040	75,196	226,875
Gross capital assets	**2,644,204**	2,538,405	2,447,903	2,349,064	2,271,159	2,182,012	2,095,968	2,005,085	1,931,662	1,871,505
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	**(689,532)**	(658,178)	(620,991)	(589,060)	(566,158)	(534,410)	(506,095)	(475,601)	(447,132)	(421,590)
Net capital assets	**$ 1,954,672**	$ 1,880,227	$ 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]In 2011, assets under Certificates of Participation capital lease were reclassified to Water Treatment Plant upon redemption of the Certificates of Participation.

RECEIPTS AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON 2008 - 2012 AND 2013 BUDGET (CASH BASIS)
(amounts expressed in thousands)

	2013	2012		2011		2010		2009		2008	
	Budget[1]	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
BEGINNING CASH & INVESTMENTS	$ 222,299	$ 187,296	$ 187,296	$ 225,410	$ 225,410	$ 194,012	$ 194,012	$ 198,311	$ 198,311	$ 226,160	$ 226,160
RECEIPTS FROM:											
Sale of water	268,795	261,978	271,703	246,079	238,085	223,305	225,493	212,028	188,293	207,219	204,232
Drought Surcharge	-	-	-	-	-	-	-	-	-	-	-
Nonoperating, interest & other	20,978	18,783	23,151	19,532	30,831	16,168	16,474	20,576	18,274	17,865	25,284
System development charges	8,640	10,714	19,619	8,000	14,649	8,000	11,283	8,000	9,013	22,981	19,138
Developer participation (new facilities) & Reimbursements & grants	2,911	5,367	2,518	4,863	6,160	4,863	10,940	11,605	10,938	3,717	5,197
	301,324	296,842	316,991	278,474	289,725	252,336	264,190	252,209	226,518	251,782	253,851
Sale of bonds	25,600	38,000	40,358			39,000	90,000	44,075	44,000	-	1,800
Total receipts	326,924	334,842	357,349	278,474	289,725	291,336	354,190	296,284	270,518	251,782	255,651
LESS EXPENDITURES FOR:											
Operations, maintenance & refunds	193,930	201,862	175,215	198,641	182,180	178,177	184,441	152,021	153,182	139,655	139,813
Debt service	46,952	39,853	45,090	46,374	55,967	50,525	51,234	51,933	50,800	49,495	49,604
	240,882	241,715	220,305	245,015	238,147	228,702	235,675	203,954	203,982	189,150	189,417
Capital improvements (new facilities)	33,670	47,343	47,536	46,344	39,211	52,818	51,105	43,235	32,568	44,932	41,813
System replacements	37,780	37,271	32,482	32,101	26,876	30,755	23,734	31,148	21,653	26,025	24,291
Equipment	7,317	7,186	6,790	8,642	4,652	10,552	7,177	20,954	14,927	16,687	16,693
	78,767	91,800	86,808	87,087	70,739	94,125	82,016	95,337	69,148	87,644	82,797
Indirects to capital	21,292	14,265	15,176	14,791	15,419	15,738	15,551	11,512	15,429	14,637	11,286
Total expenditures	340,941	347,780	322,289	346,893	324,305	338,565	333,242	310,803	288,559	291,431	283,500
Cash Balance Adjustment[2]			(57)		(3,534)		10,449		13,742		
ENDING CASH & INVESTMENTS	$ 208,282	$ 174,358	$ 222,299	$ 156,991	$ 187,296	$ 146,783	$ 225,409	$ 183,792	$ 194,012	$ 186,511	$ 198,311

GENERAL EXPLANATION OF VARIANCES:

[1]This is the original Board approved budget. A revised budget was approved by the Board on April 10, 2013, in response to the drought.

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

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

2012 Facts

Raw water collected	194,682	Acre Feet
Percent of average yield-last 10 years	65%	
Percent from South Platte System	44%	
Percent from Moffat System	28%	
Percent from Roberts Tunnel System	28%	
Reservoir storage, January 1	620,603	Acre Feet
Percent of capacity	91.8%	
Reservoir storage, December 31	471,380	Acre Feet
Percent of capacity	69.7%	
Power generation (excluding power purchased)	80,636,429	KWH
Value of power generation (excluding power purchased)..	$4,757,687	

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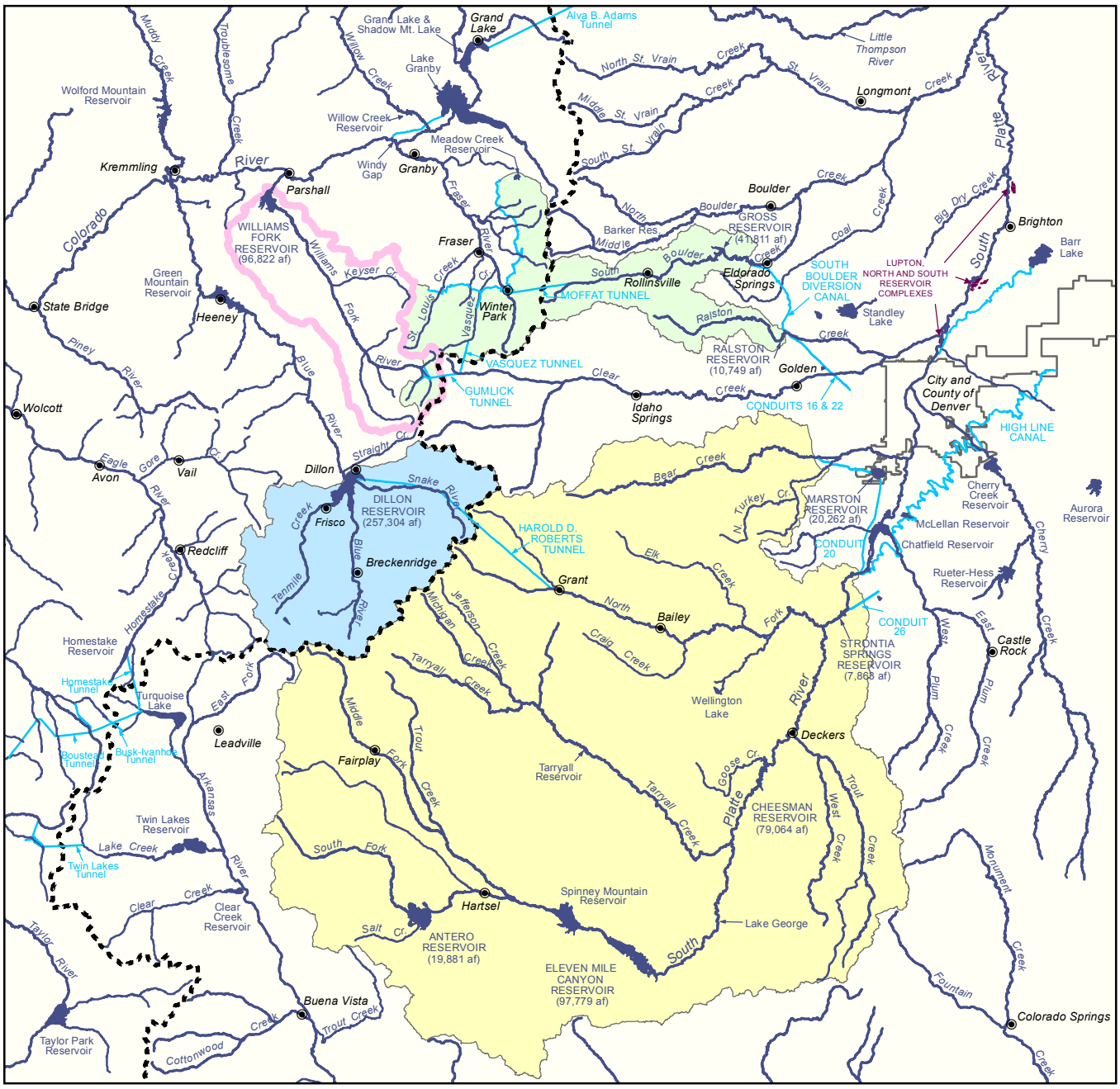
City and County of Denver
Board of Water Commissioners

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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SOURCE OF SUPPLY - 2012 (Page 1 of 2)

Reservoirs and Collection Systems

RAW WATER STORAGE	Capacity in Acre-Feet	Capacity in Million Gals.
Storage Reservoirs:		
Antero	19,881	6,478.2
Chatfield	27,428	8,937.4
Cheesman	79,064	25,763.1
Dillon	257,304	83,842.8
Eleven Mile Canyon	97,779	31,861.4
Gross	41,811	13,624.2
Meadow Creek Reservoir (Denver Water portion)	4,520	1,472.8
Soda Lakes (Denver Water portion)	615	200.4
Total Storage Reservoirs	528,402	172,180.3
Operating Reservoirs:		
Long Lakes	1,787	582.3
Marston Lake	19,796	6,450.5
Platte Canyon	910	296.5
Ralston	10,776	3,511.4
Strontia Springs	7,863	2,562.2
Total Operating Reservoirs	41,132	13,402.9
TOTAL RAW WATER STORAGE	569,534	185,583.2
REPLACEMENT RESERVOIRS		
Williams Fork	96,822	31,549.5
Wolford Mountain (Denver Water portion)	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	98,549	18.7
Moffat Water Tunnel	32,383	6.1
Open Canals	15,443	2.9
Covered Canals	21,081	4.0
Other Tunnels	10,953	2.1
Total Moffat Collection System	178,409	33.8
Williams Fork Collection System:		
Steel Pipe	18,939	3.6
Vasquez Tunnel	17,874	3.4
A. P. Gumlick Tunnel	15,572	2.9
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	10.2
TOTAL MOUNTAIN COLLECTION SYSTEM	409,192	77.5

Supply Mains and Wells

RAW WATER SUPPLY MAINS

	Size	Kind of Pipe	Length in Feet	Length in Miles
Conduit 5:	24"	Cast Iron	23	0.0
	24"	Ductile Iron	2,823	0.5
	24"	Steel	124	0.0
	30"	Cast Iron	63	0.0
	30"	Concrete	24,768	4.7
	30"	Steel	104	0.0
	36"	Concrete	1,168	0.2
	42"	Steel	212	0.0
Total Conduit 5			29,285	5.5
Conduit 8:	36"	Cast Iron	1,515	0.3
	36"	Concrete	2,424	0.5
	36"	Steel	670	0.1
	60"	Steel	523	0.1
	84"	Steel	15	0.0
	90"	Steel	14	0.0
Total Conduit 8			5,161	1.0
Conduit 14:	48"	Reinforced Concrete Cyl	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	6,953	1.3
	84"	Concrete	637	0.1
Total Conduit 15			32,294	6.1
Conduit 16:	42"	Reinforced Concrete	3,071	0.6
	42"	Reinforced Concrete Cyl	40,980	7.8
	42"	Steel	1,402	0.3
	48"	Steel	25	0.0
Total Conduit 16			45,478	8.6
Conduit 20:	30"	Concrete	5	0.0
	36"	Concrete	12	0.0
	60"	Concrete	119	0.0
	60"	Steel	509	0.1
	84"	Steel	548	0.1
	90"	Steel	52	0.0
	90"	Concrete	62,480	11.8
	90"	Reinforced Concrete Non-Cyl	457	0.1
Total Conduit 20			64,182	12.2
Conduit 22:	24"	Ductile Iron	133	0.0
	24"	Steel	37	0.0
	36"	Ductile Iron	68	0.0
	42"	Reinforced Concrete Non-Cyl	14	0.0
	48"	Steel	38	0.0
	54"	Reinforced Concrete Non-Cyl	43,519	8.2
	54"	Steel	1,318	0.2
	60"	Steel	51	0.0
Total Conduit 22			45,178	8.5
Conduit 26:	24"	Steel	414	0.1
	60"	Steel	41	0.0
	72"	Steel	57	0.0
	78"	Steel	202	0.0
	96"	Steel	197	0.0
	120"	Steel	17,918	3.4
	126"	Steel	1,827	0.3
Total Conduit 26			20,656	3.9
Conduit 155:	30"	Ductile Iron	2,552	0.5
Conduit 157:	30"	Steel	27	0.0
	42"	Concrete	3,044	0.6
	42"	Steel	462	0.1
	48"	Concrete	138	0.0
Total Conduit 157			3,671	0.7
Conduit 160:	36"	Steel	325	0.1
TOTAL RAW WATER SUPPLY MAINS			252,192	47.7

INFILTRATION GALLERIES & WELLS

	Capacity in MGD
Cherry Creek Wells:	
Well O	1.2
Farnell Lane Well Field	- [1]

[1] 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	7,638,580	$ 408,620
Foothills	13,284,030	813,197
Gross	14,601,414	1,190,153
Hillcrest	10,978,893	576,991
Roberts Tunnel	26,354,332	1,402,182
Strontia Springs	7,208,580	336,873
Williams Fork	570,600	29,671
Total Power Generation	80,636,429	4,757,687
Power Purchased for Department of Energy (DOE) power interference	6,819,733	299,510
TOTAL POWER GENERATION AND PURCHASE	87,456,162	5,057,197
POWER DISTRIBUTION		
Internal Power Consumption:[1]		
Foothills	6,183,533	378,532
Hillcrest	1,932,375	101,555
Total Internal Power Consumption	8,115,908	480,087
Power Deliveries:		
To Xcel Energy:		
Dillon	7,638,580	408,620
Foothills	7,100,497	434,665
Gross	14,601,414	1,190,153
Hillcrest	9,046,518	475,436
Roberts Tunnel	26,354,332	1,402,182
Strontia Springs	7,208,580	336,873
	71,949,921	4,247,929
To Tri-State Generation and Transmission Association:		
Williams Fork	570,600	29,671
Total Power Deliveries to Xcel and Tri-State	72,520,521	4,277,600
Total Power Generation	80,636,429	4,757,687
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	87,456,162	5,057,197
DOE BANKED POWER INTERFERENCE ACCOUNT[3]		
Balance, Beginning of Year	31,472,885	944,186
Net Interference	(7,188,358)	(215,651)
Total Allocation	6,819,733	204,592
Balance, End of Year	31,104,260	$ 933,127

[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	$408,620	$434,665	$1,190,153	$475,436	$1,402,182	$336,873	-	$4,247,929
Foothills Internal Consumption	-	378,532	-	-	-	-	-	378,532
Hillcrest Intenal Consumption	-	-	-	101,555	-	-	-	$101,555
Delivered to Tri-State	-	-	-	-	-	-	29,671	29,671
TOTAL VALUE	408,620	813,197	1,190,153	576,991	1,402,182	336,873	29,671	4,757,687
COST OF POWER GENERATION								
Transmission Wheeling	-	17,510	-	-	64,763	-	-	82,273
Operation and Maintenance	107,136	8,515	121,685	40,941	174,738	91,841	105,363	650,219
Administrative Expense	24,873	2,156	33,696	11,105	30,800	28,330	35,046	166,006
Depreciation	88,868	74,228	767,641	129,409	116,937	33,832	89,207	1,300,122
TOTAL COST	220,877	102,409	923,022	181,455	387,238	154,003	229,616	2,198,620
Net Return (Loss)	$187,743	$710,788	$267,131	$395,536	$1,014,944	$182,870	($199,945)	$2,559,067
Plant Investment (Before Depreciation)	$4,646,727	$2,936,645	$18,685,773	$6,309,868	$6,007,230	$1,733,652	$34,311,907	$74,631,802
Return on Investment - Current Year	4%	24%	1%	6%	17%	11%	(1)%	3%
Return on Investment - Cumulative	161%	279%	23%	37%	93%	219%	12%	48%

[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: 2003 - 2012

Values in acre-feet[1]

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
SUPPLY										
South Platte System:										
South Platte Direct Rights	**46,557**	75,389	94,795	84,365	67,152	103,166	63,190	73,934	62,054	62,319
South Platte Storage Rights	**4,283**	25,739	31,347	39,402	31,786	40,192	15,812	59,502	26,738	43,562
Bear Creek Rights	**61**	1,359	1,222	1,178	1,862	1,930	1,234	2,302	4,100	15,062
Total South Platte System	**50,901**	102,487	127,364	124,945	100,800	145,288	80,236	135,738	92,892	120,943
Blue River/Roberts Tunnel System	**54,394**	148,643	74,674	58,468	80,056	65,682	127,074	94,470	75,984	164,294
Effluent Exchange[2]	**34,864**	15,072	24,527	13,846	21,455	23,266	33,632	19,012	27,086	24,039
Moffat System:										
Fraser Collection System	**29,399**	45,353	27,240	37,640	58,490	34,090	65,034	48,190	43,408	65,458
Williams Fork Collection System	**23,275**	33,565	28,362	31,138	26,268	34,608	41,970	52,478	41,154	94,912
Cabin-Meadow Creek System	**1,448**	4,112	1,452	4,668	3,794	5,866	6,574	4,424	5,074	5,020
South Boulder Creek	**-**	9,606	15,178	4,816	0	7,708	-	4,388	-	6,814
Ralston Creek	**401**	1,127	4,086	1,374	290	2,792	-	3,054	498	1,054
Total Moffat System	**54,523**	93,763	76,318	79,636	88,842	85,064	113,578	112,534	90,134	173,258
Total Water Supply	**194,682**	359,965	302,883	276,895	291,153	319,300	354,520	361,754	286,096	482,534
USE										
Foothills Filters	**155,334**	137,330	142,811	117,784	117,973	141,468	135,774	124,411	118,945	120,069
Marston Filters	**46,029**	25,763	40,489	31,853	56,498	43,303	34,633	30,008	25,097	38,434
Moffat Filters	**19,477**	46,380	30,642	40,910	46,438	31,507	58,907	55,802	41,864	42,149
Total Water Filtered	**220,840**	209,473	213,942	190,547	220,909	216,278	229,314	210,221	185,906	200,652
Change in Clear Water Storage	**24**	12	(55)	52	(23)	17	8	(83)	3	52
Total Treated Water Delivered[3]	**220,864**	209,485	213,887	190,599	220,886	216,295	229,322	210,138	185,909	200,704
Raw Water Deliveries	**31,574**	27,535	24,641	25,717	30,079	26,830	43,061	32,726	38,535	43,136
Other Uses[4]	**91,467**	100,922	79,819	58,632	39,620	61,234	63,356	37,638	66,181	38,680
Evaporation Losses[5]	-	-	-	-	-	-	-	-	-	8,804
Total Water Use	**343,905**	337,942	318,347	274,948	290,585	304,359	335,739	280,502	290,625	291,324
STORAGE										
Total Reservoir Storage, December 31	**471,380**	620,603	598,580	614,044	612,097	611,529	596,588	577,807	496,555	501,084
Total Reservoir Storage, January 1	**620,603**	598,580	614,044	612,097	611,529	596,588	577,807	496,555	501,084	309,874
Storage Gain or (Loss)	**(149,223)**	22,023	(15,464)	1,947	568	14,941	18,781	81,252	(4,529)	191,210

[1]Starting in Water Year 2011 the conversion factor from cfs to acre-feet was changed from 2 to 1.9835.

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

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

[4]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.

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

Pumping

2012 Facts

Treated Water pumped - Current year	39,484.1	MG[1]
Treated Water pumped - Last year	36,443.5	MG[1]
Percentage increase (decrease) from last year	8%	
Number of treated water pump stations	18	
Maximum pumping capacity	1,003.3	MGD[2]
Pumping energy costs (Treated Water) - Current year	$3,040,371	
Pumping energy costs (Treated Water) - Last year	$2,848,293	
Percentage increase from last year	7%	

[1]Million Gallons

[2]Million Gallons per Day

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PUMPING STATION CAPACITIES - 2012

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
BELLEVIEW (5,714)	4	Goulds	Ideal Electric	900	260	15.0
(High Pressure)	5	Worthington	Westinghouse	300	260	5.0
	6	Goulds	US Motor	700	271	10.0
	7	Worthington	General Electric	900	260	15.0
				2,800		45.0
BELLEVIEW (5,714)	1	Goulds	General Electric	250	175	6.0
(Low Pressure)	2	Goulds	General Electric	400	175	10.0
				650		16.0
BROOMFIELD (5,316)	1	Patterson	Ideal Electric	400	350	5.0
	2	Patterson	Ideal Electric	400	350	5.0
	3	Patterson	Ideal Electric	400	350	5.0
	4	Goulds	US Motor	500	300	6.5
				1,700		21.5
CASTLEWOOD (5,785)[1]	1	Peerless	US Motor	10		0.5
	2	Peerless	General Electric	40		1.5
	3	Peerless	General Electric	100		4.2
				150		6.2
CHATFIELD (5,717)	1	ITT	US Motor	200	150	5.0
(Low Pressure)	2	ITT	US Motor	200	150	5.0
	3	ITT	US Motor	200	150	5.0
				600		15.0
CHATFIELD (5,717)	5	ITT	US Motor	400	320	5.0
(High Pressure)	6	ITT	US Motor	400	320	5.0
				800		10.0
CHERRY HILLS (5,380)	1	Worthington	General Electric	1,000	220	20.0
	2	Worthington	General Electric	1,000	220	20.0
	3	Worthington	General Electric	1,000	220	20.0
	4	Worthington	General Electric	1,000	220	20.0
	5	Worthington	General Electric	1,000	220	20.0
	6	Worthington	General Electric	1,000	220	20.0
				6,000		120.0
CLARKSON (5,482)[1]	1	Fairbanks Morse	Fairbanks Morse	150	234	2.1
	2	Fairbanks Morse	Fairbanks Morse	150	234	2.1
	3	Fairbanks Morse	Fairbanks Morse	150	234	2.1
	4	Fairbanks Morse	Fairbanks Morse	150	234	2.1
	5	Fairbanks Morse	Fairbanks Morse	150	234	2.1
	6	Fairbanks Morse	Reliance Electric	150	234	2.1
				900		12.6
EINFELDT (5,341)	2	Wheeler Economy	General Electric	800	175	20.0
	3	Byron Jackson	General Electric	600	175	17.0
	4	Byron Jackson	General Electric	400	175	12.0
	5	Byron Jackson	Westinghouse	200	175	5.3
	6	Worthington	General Electric	800	175	20.0
	7	Wheeler Economy	General Electric	800	175	20.0
				3,600		94.3

[1]Vault Type Structure (underground)

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

PUMPING STATION CAPACITIES - 2012

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
KENDRICK (5,607)	7	Worthington	Electric Machinery	800	260	10.0
(High Pressure)	8	Worthington	Electric Machinery	800	260	10.0
	9	Goulds	Waukesha[2]	700	260	10.0
	10	DeLaval	Waukesha[2]	400	260	5.0
	11	Patterson	Ideal Electric	700	260	10.0
				3,400		45.0
LAKERIDGE (5,516)	1	American Marsh	General Electric	25	120	0.7
	2	American Marsh	General Electric	75	120	2.9
	3	American Marsh	General Electric	75	120	2.9
	4	American Marsh	General Electric	60	120	1.7
				235		8.2
LAMAR (5,443)[1]	1	Peerless	US Motor	40	111	1.1
	2	Peerless	US Motor	60	113	2.1
	3	Peerless	US Motor	125	119	4.1
				225		7.2
LONE TREE (5,904)	3	Gould	US Motor	300	127	10.0
(Low Pressure)	4	Gould	US Motor	150	127	5.0
	5	Gould	US Motor	150	127	5.0
				600		20.0
LONE TREE (5,904)	6	Gould	Siemens & Allis	300	227	5.0
(High Pressure)	7	Gould	Siemens & Allis	600	227	10.0
	8	Gould	Siemens & Allis	600	227	10.0
				1,500		25.0
MARSTON (5,485)	1	Worthington	Waukesha[2]	700	166	20.0
(Low Pressure)	2	Worthington	General Electric	700	166	20.0
	3	Worthington	General Electric	700	166	20.0
	4	Worthington	General Electric	700	166	20.0
	5	Worthington	General Electric	700	166	20.0
				3,500		100.0
MARSTON (5,485)	8	Patterson	Waukesha[2]	400	260	6.5
(High Pressure)	9	Ingersoll-Rand	Reliance Electric	500	260	8.0
	10	Gould	US Motor	900	260	15.0
	11	Gould	US Motor	900	260	15.0
				2,700		44.5
SIXTY-FOURTH AVENUE (5,427)	3	Fairbanks Morse	United States	100	90	5.0
(Low Pressure)	6	Fairbanks Morse	United States	200	90	10.0
				300		15.0
SIXTY-FOURTH AVENUE (5,427) (High Pressure)	1	Fairbanks Morse	United States	400	170	10.0
			Grand Total	51,585		1,003.3

Note: City Datum = 5,172.91

[1]Vault Type Structure (underground)

[2]Natural Gas Engine

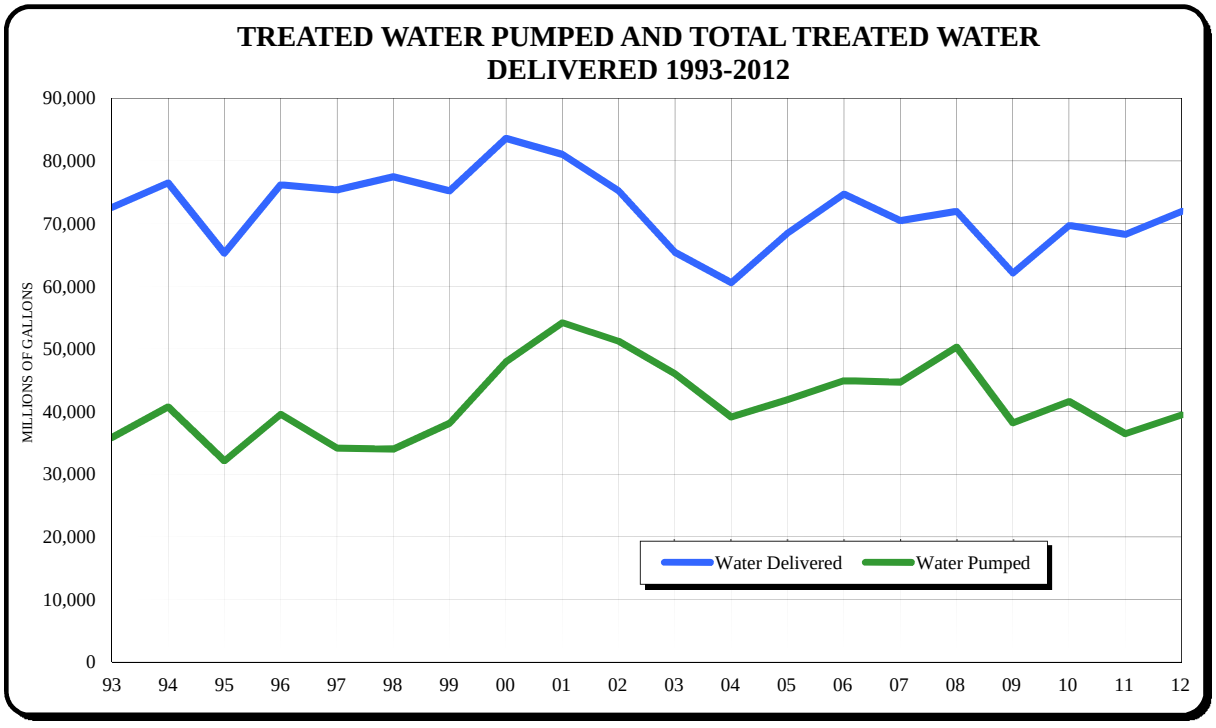
TREATED WATER PUMPED AND POWER COSTS: 1993 - 2012

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]
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
2011	36,443.49	68,260.80	112	1,003.3	25,674,399	-	$3,042,871
2012	39,484.07	71,968.70	112	1,003.3	26,277,763		$3,328,526

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

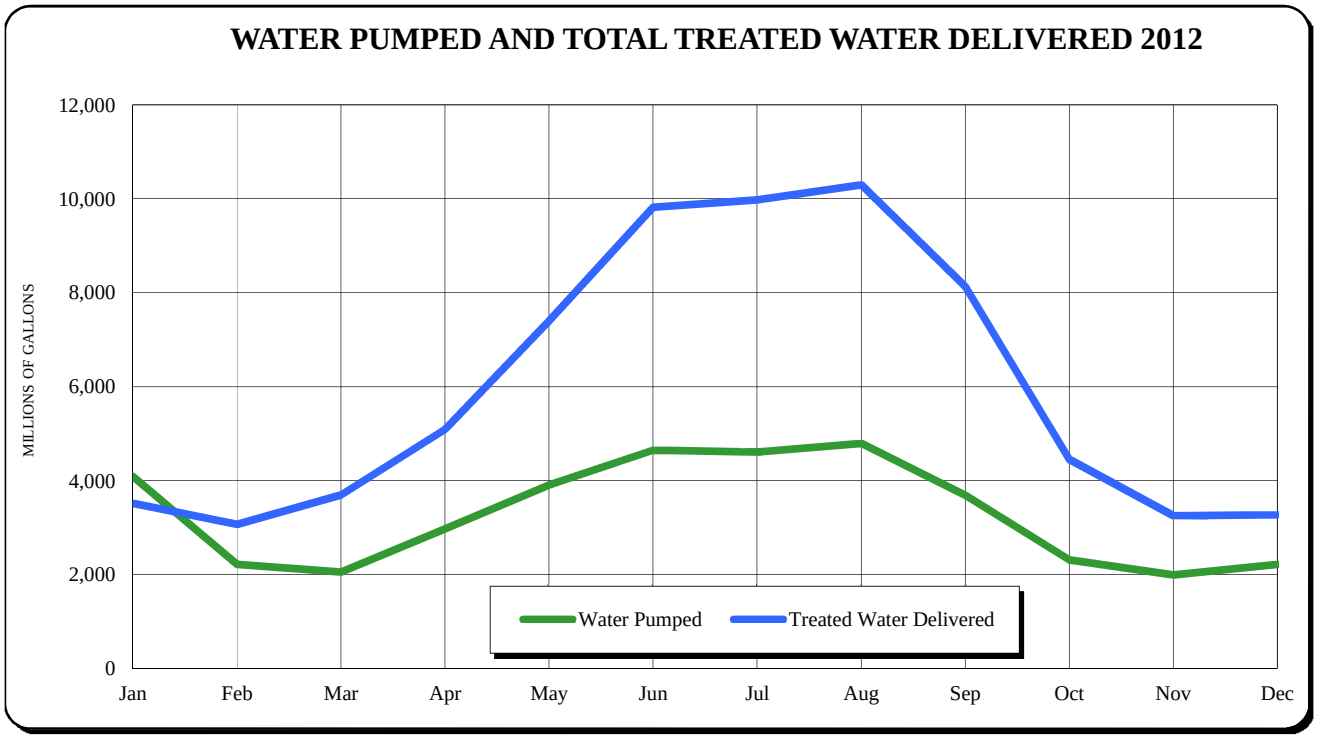
[2]Total energy costs for all Denver metropolitan area Board treated water distribution facilities.

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



WATER PUMPED MONTHLY - 2012
(millions of gallons)

	Water Pumped	Total Treated Water Delivered		Water Pumped	Total Treated Water Delivered
January	4,089.85	3,519.10	August	4,793.39	10,297.60
February	2,214.12	3,070.50	September	3,684.40	8,129.30
March	2,053.54	3,694.00	October	2,309.16	4,451.80
April	2,974.12	5,091.60	November	1,988.42	3,252.10
May	3,902.79	7,401.10	December	2,217.05	3,270.30
June	4,648.20	9,818.10	Total Year	39,484.08	71,968.70
July	4,609.04	9,973.20			



WATER PUMPED BY STATION - 2012
(millions of gallons)

Belleview (Low)	959.74
Belleview (High)	1,848.12
Broomfield	1,407.68
Capital Hill	-
Chatfield (Low)	1,009.14
Chatfield (High)	793.79
Cherry Hills	2,176.91
Clarkson Street	61.35
Einfeldt	471.26
Fifty-Sixth Avenue[1]	25.57
Fifty-Sixth Avenue[2]	3,284.23
Green Mountain	1,487.65
Highlands (Low)	2,978.98
Highlands (High)	6,200.77
Hillcrest (Low)	1,399.29
Hillcrest (High)	997.71
Kendrick (Low)	842.16
Kendrick (High)	1,789.16
Lakeridge	74.06
Lamar	347.90
Lone Tree (Low)	1,413.80
Lone Tree (High)	203.36
Marston (Low)	7,718.52
Marston (High)	828.52
Sixty-Fourth Ave. (High)	824.20
Sixty-Fourth Ave. (Low)	340.21
	39,484.08

[1] Reservoir Lift

[2] Booster

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 2012

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

		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)		
	Number 1	10.0
	Number 2	10.0
		20.0
Marston Treatment (5,497)		
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		381.65

[1]Not Owned by Denver Water.

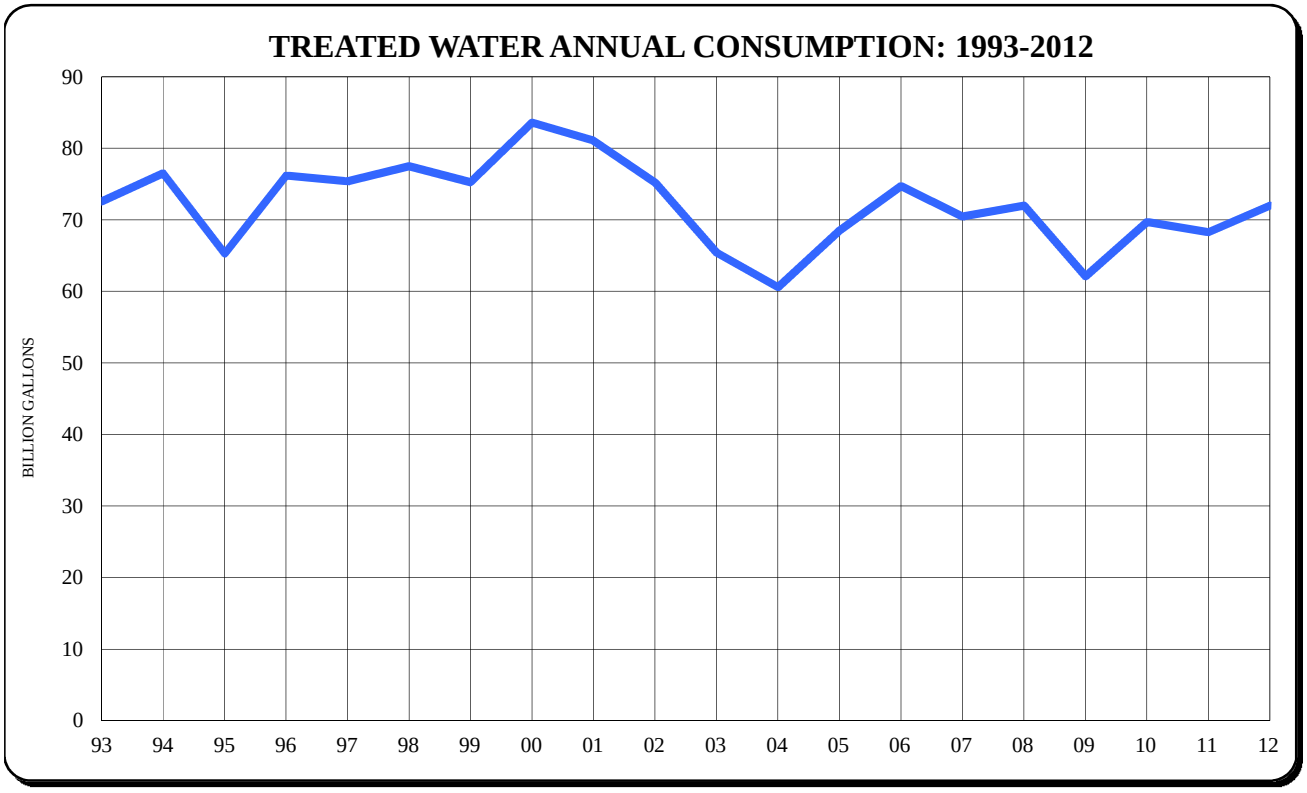
RAW WATER PUMPING STATIONS

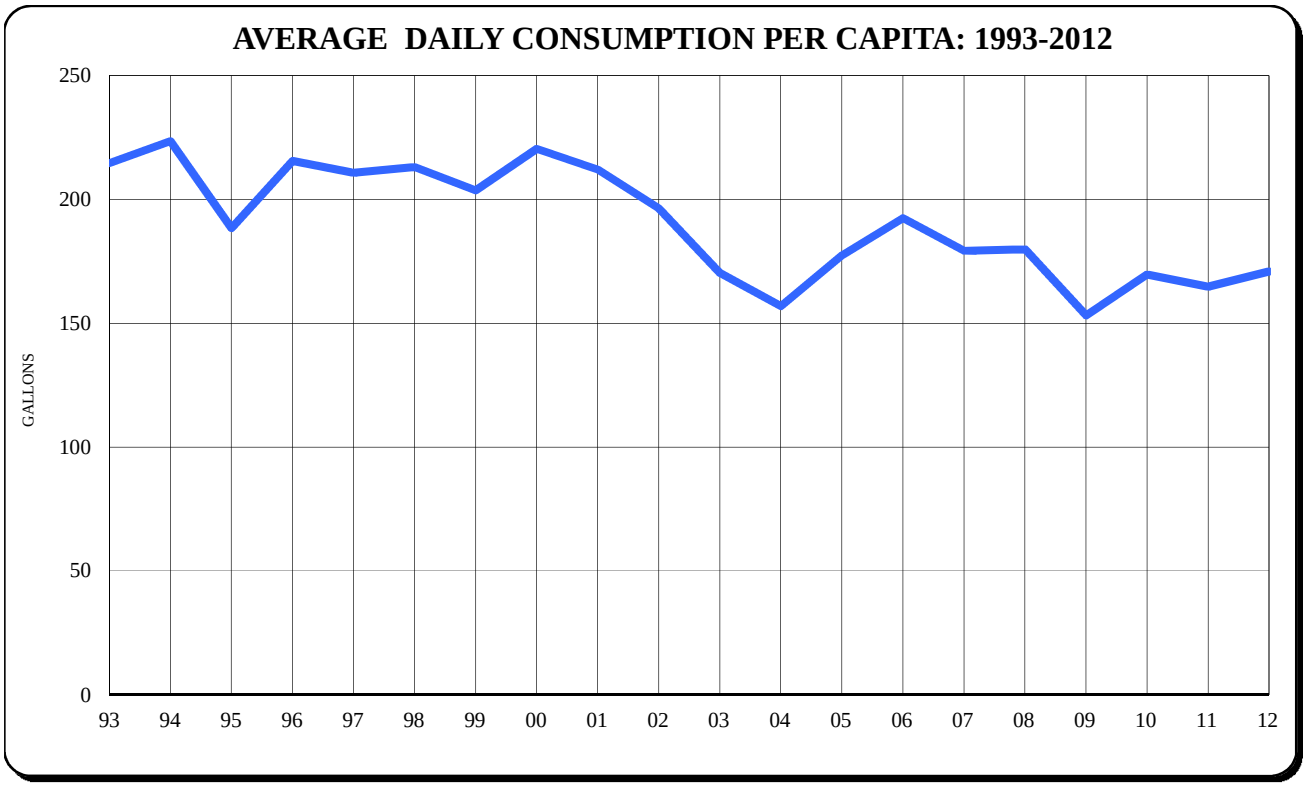
Pump Station	Pump Number	Make of Pump	Make of Motor	Horse-Power	Head in Feet	Capacity in MGD
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				600	90	90.0
Kassler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

Treatment and Water Quality

2012 Facts

Treated water consumption……	71,968.70	MG
Increase (decrease) from last year……	3,707.90	MG
Average daily consumption……	196.64	MG
Maximum daily consumption:		
(June 25)……	398.20	MG
Maximum hour treated water use rate:		
(July 2 at 6:45 a.m.)……	628.00	MGD
Water Quality:		
Total samples collected……	13,694	
Microbiological analyses completed……	9,338	
Chemical analyses completed……..……..……	40,080	


TREATED WATER ANNUAL CONSUMPTION: 1993-2012
BILLION GALLONS
90
80
70
60
50
40
30
20
10
0
93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12


AVERAGE DAILY CONSUMPTION PER CAPITA: 1993-2012
GALLONS
250
200
150
100
50
0
93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12

CONSUMPTION OF TREATED WATER: 1993 - 2012

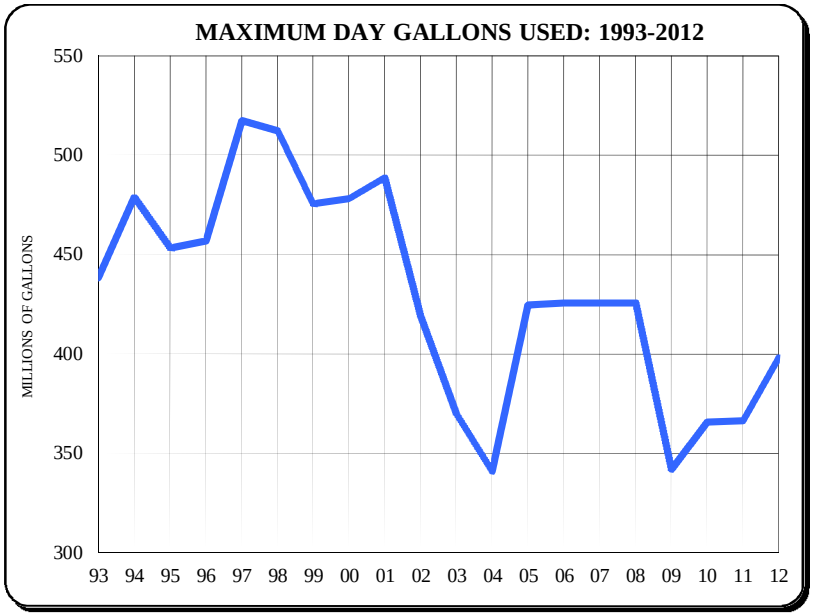
Year	Acre-Feet	(million gallons) Annual	Daily Avg.	Daily Max.	Population July 1[1,3]	Avg. Daily Gals. Per Capita[3]	Precipitation in Inches[2] Year	4/1 to 9/30
1993	222,686	72,562.61	198.80	438.20	926,000	215	15.81	9.62
1994	234,819	76,516.08	209.63	479.01	938,000	223	14.35	8.72
1995	200,300	65,267.91	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	1,048,000	212	16.45	12.43
2002	230,845	75,221.18	206.09	419.20	1,049,000	196	9.95	6.59
2003	200,704	65,399.47	179.18	370.05	1,052,000	170	17.00	8.77
2004	185,909	60,578.77	165.52	340.92	1,055,000	157	21.35	16.06
2005	210,138	68,473.70	187.60	424.80	1,057,000	177	16.32	10.90
2006	229,323	74,724.98	204.73	425.68	1,064,000	192	16.15	8.66
2007	216,295	70,479.84	193.10	425.70	1,077,000	179	18.10	11.45
2008	220,886	71,975.87	196.66	426.16	1,093,000	180	12.42	8.19
2009	190,599	62,106.90	170.16	341.80	1,111,000	153	21.34	15.09
2010	213,887	69,695.40	190.95	365.81	1,125,000	170	14.28	9.74
2011	209,485	68,260.80	187.02	366.40	1,135,000	165	19.29	13.99
2012	220,864	71,968.70	196.64	398.20	1,147,000	171	12.39	8.72

[1]Population estimates are treated water customers only.

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

TREATMENT PLANT CAPACITY

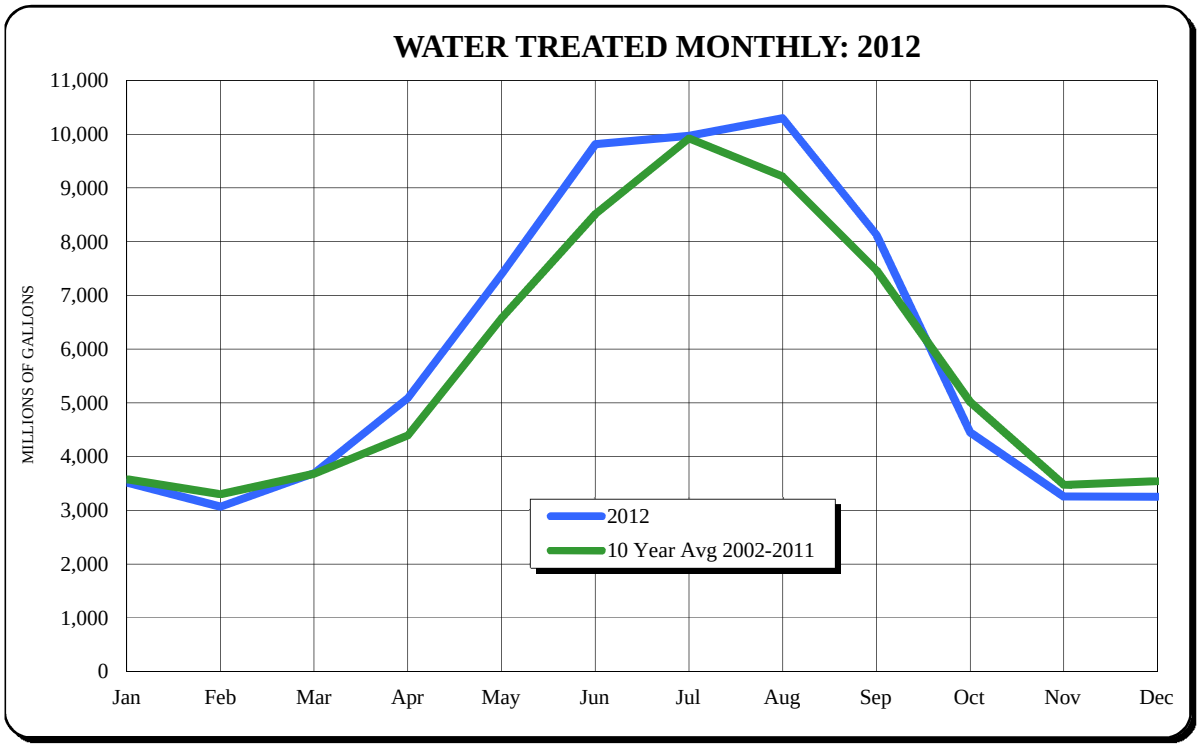
Plant	Type	Capacity in MGD
Foothills	Dual-Media	280.0
Marston	Dual-Media	250.0
Moffat	Rapid Sand	185.0
		715.0



WATER TREATED MONTHLY - 2012
(millions of gallons)

	Treatment Plant			Total
	Foothills	Marston	Moffat	Produced
January	-	2,353.90	1,165.20	3,519.10
February	1,720.20	1,009.30	341.10	3,070.60
March	3,085.80	608.30	-	3,694.10
April	4,261.50	830.10	-	5,091.60
May	5,655.10	1,262.30	483.60	7,401.00
June	6,882.60	1,936.10	999.50	9,818.20
July	6,810.40	2,046.40	1,116.40	9,973.20
August	7,317.90	1,948.70	1,030.90	10,297.50
September	5,949.30	1,193.80	986.20	8,129.30
October	3,599.90	628.30	223.60	4,451.80
November	2,665.60	586.50	-	3,252.10
December	2,667.50	594.80	-	3,262.15
	50,615.80	14,998.50	6,346.50	71,960.65

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 (Produced)	71,960.65	MG
(Increase) Decrease In Clear Water Storage	8.05	MG
Total Treated Water Delivered/Consumed for the Year	71,968.70	MG

CHEMICAL TREATMENT AND ANALYSIS:
TREATED WATER IN DISTRIBUTION SYSTEM - 2012

CHEMICAL TREATMENT

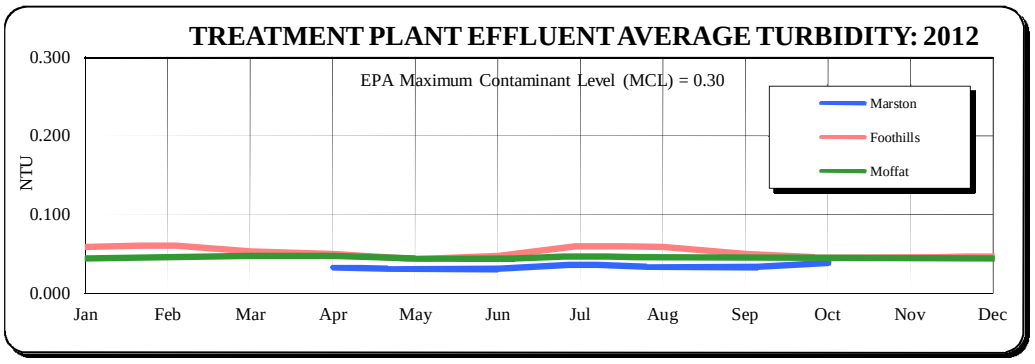
Chemicals are used at various points throughout the treatment plants to provide for appropriate water treatment including oxidation, coagulation, pH adjustment, fluoridation and disinfection. The following are total pounds and cost of chemicals used at each treatment plant.

	Pounds of Chemicals Used	Total Cost
Foothills	23,466,116	$ 3,269,645
Moffat	3,916,915	513,402
Marston	7,721,522	1,035,514
Recycling	2,985,831	523,978
	38,090,384	$ 5,342,539

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULTS

Month	Number of Samples	Number of Positives	% Positive
January	446	0	0.00%
February	400	0	0.00%
March	445	0	0.00%
April	415	0	0.00%
May	434	0	0.00%
June	412	0	0.00%
July	436	0	0.00%
August	379	0	0.00%
September	405	0	0.00%
October	442	1	0.23%
November	349	0	0.00%
December	376	0	0.00%
	4,939	1	0.02%

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 – 2012

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
General (mg/L)				
Alkalinity, Total as $CaCO_3$		64	59	25
Chlorine, Total		1.60	1.70	1.64
Hardness as $CaCO_3$		108	103	39
pH (SU)		7.7	7.8	7.8
Specific Conductance (µS)		336	315	106
Temperature (°C)		13	12	15
Total Dissolved Solids		189	179	64
Turbidity (NTU)	0.30	0.04	0.05	0.04
Metals (µg/L)				
Aluminum		27	34	<20
Barium	2,000	38	36	17
Boron		13	11	5
Calcium (mg/L)		31	29	12
Magnesium (mg/L)		7.7	7.1	2.0
Manganese		<2	<2	<2
Molybdenum		7	8	<1
Potassium (mg/L)		1.8	1.8	0.7
Sodium (mg/L)		20	18	6
Strontium (mg/L)		0.19	0.18	0.05
Ions (mg/L)				
Chloride		24.7	21.4	4.1
Fluoride	4.0	0.66	0.64	0.66
Nitrate +Nitrite -Nitrogen	10	0.08	0.13	0.04
Silicon		1.8	2.2	2.8
Sulfate		57	57	20
Radiological (pCi/L)				
Uranium (µg/L)	30	<0.5	<0.5	<0.5

(Continued next page)

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2012 (Continued)

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
Disinfection By-Products (µg/L)				
Bromodichloromethane		8.1	4.8	2.1
Chloral hydrate		1.2	1.0	0.8
Chloroform		9.9	8.5	11.0
Cyanogen chloride		1.1	1.2	2.3
Dibromochloromethane		3.3	1.5	<1.0
Dichloroacetic acid		7.2	7.9	6.9
Haloacetic Acids	60	15	14	13
Total Trihalomethanes	80	21	15	13
Trichloroacetic acid		4.6	4.8	5.1
Nonspecific Organics				
Total Organic Carbon (mg/L)		1.6	1.5	1.2
Total Organic Halogen (µg/L)		118	113	93

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.

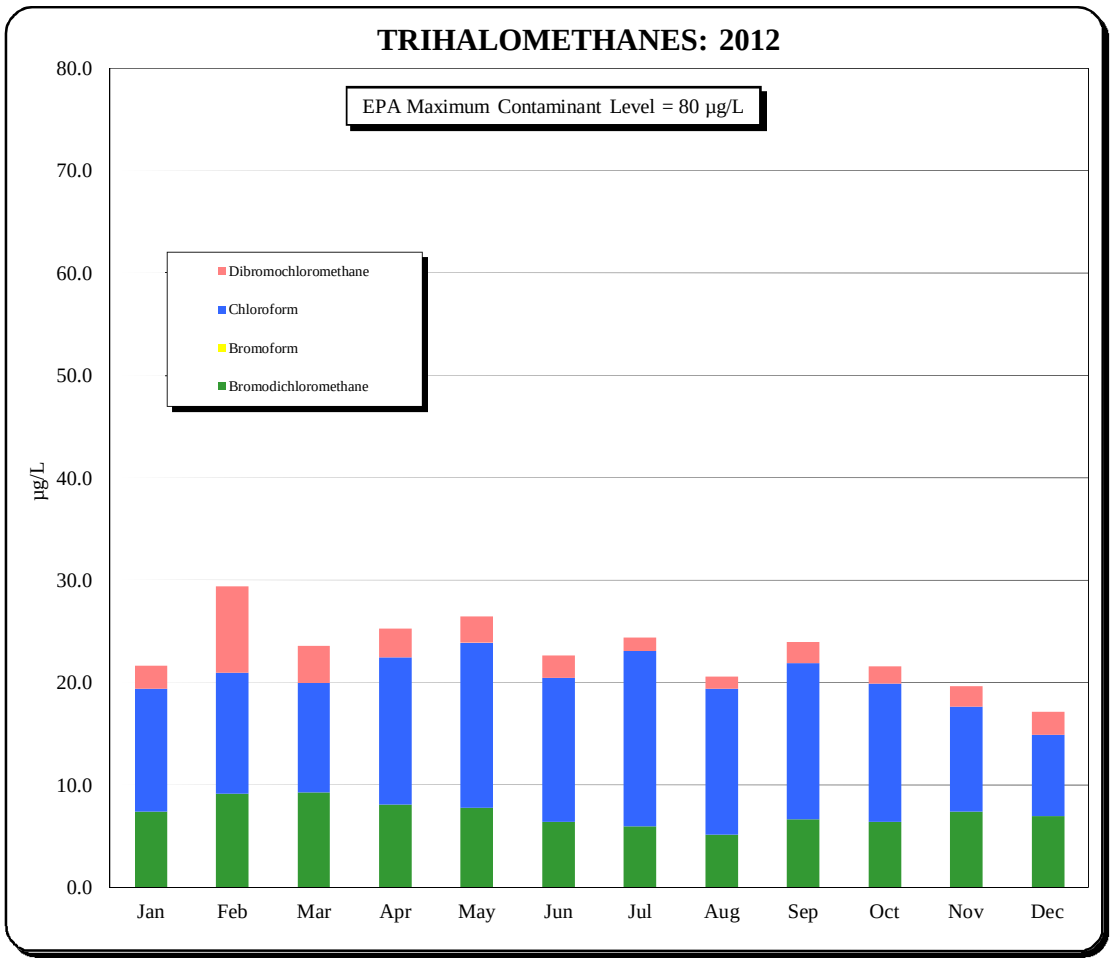
General
Alkalinity, Phenolphthalein as $CaCO_3$
Chlorine, Free
Asbestos (7 MFL)
Metals (µg/L)
Antimony (6)
Arsenic (10)
Beryllium (4)
Cadmium (5)
Chromium (100)
Cobalt
Copper (TT[1])
Iron
Lead (TT[1])
Lithium
Mercury, Total (2)
Selenium (50)
Silver
Thallium (2)
Titanium
Vanadium
Uranium
Zinc
Ions (mg/L)
Bromide
Carbonate
Hydroxide
Nitrite-Nitrogen (1)
Ortho Phosphorus, Dissolved
Perchlorate
Radiological (pCi/L)
Alpha
Beta
Radium $^{226/228(5)}$
Uranium (30 µg/L)
Microbiological
Cryptosporidium
E. coli
Giardia (TT[1])
Legionella (TT[1])
Plankton
Total Coliform (DS)
Disinfection By-Products (µg/L)
Monochloroacetic Acid
n-Nitrosodiethylamine
n-Nitrosodimethylamine (NDMA)
n-Nitrosodi-n-butylamine
n-Nitrosodi-n-propylamine
n-Nitrosomethylethylamine
n-Nirtosopyrollidine
Tribromoacetic Acid
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-Dichloroethane (5)
1,2-Dichloropropane (5)
1,3-Dichloropropane
1,3-Dichloropropene
1,3,5-Trimethylbenzene
2,2-Dichloropropane
2-Butanone
2-Hexanone
2,4,5-Trichlorobiphenyl
4-Methyl-2-Pentanone
Acenaphthene
Acenaphthylene
Acrylonitrile
Aldrin
Allyl Chloride
Bendiocarb
Benzene (5)
Bromobenzene
Bromoethane
Bromomethane
Carbon disulfide
Chloroacetonitrile
Chlorobenzene (100)
Chlorodifluoromethane (CFC 22)
Chloroethane
Chloromethane
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
Naphthalene
n-Butyl Acrylate
n-Butyl Benzene
n-nitrosodiethylamine
n-nitrosodimethylamine
n-nitroso-n-dibutylamine
n-nitroso-n-dipropylamine
n-nitrosopyrollidine
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 Alcohol
tert-Butyl Benzene
Tetrachloroethene (5)
Toluene (1000)
trans-1,2-Dichloroethene (100)
Trichloroethylene (5)
Xylenes (10000)
Vinyl Chloride (2)
1,2-Dibromo-3-chloropropane (0.2)
2-Methylisoborneol (MIB)
2-Nitropropane
2,4,5-T
2,4-D (70)
2,4-DB
3,5-Dichlorobenzoic acid
3-Hydroxycarbofuran
4-Nonaphenol
4,4'-DDD
4,4'-DDE
4,4'-DDT
α-BHC
α-Chlordane
Acifluourfen
Alachlor (2)
Aldicarb
Aldicarb sulfoxide
Aldicarb sulfone
Atrazine (3)
Bentazon
β-BHC
Bromacil
Butachlor
Carbaryl
Carbofuran
Chlroneb
Chlorobenzilate
Chlorothalonil
Cyanazine
Dalapon (200)
DCPA acid metabolites
delta- BHC
Dicamba
Dichlorvos
Dieldrin
Diethyl ether
Dinoseb
Dursban
Endosulfan –A
Endosulfan – B
Endosulfan sulfate
Endrin (2)
Endrin Aldehyde
EPTC
Ethyl methacrylate
Ethyl tert-butyl ether
Ethylene dibromide
Fenuron
Fluometuron
Heptachlor (0.4)
Heptachlor Epoxide (0.2)
Hexachloroethane
Lindane
Malathion
Metalaxyl
Methacrylonitrile
Metazachlor
Methylacrylate
Methylmethacrylate
Methiocarb
Methomyl
Methoxychlor
Methyl paraben
Methyl paraoxon
Metolachlor
Microcystin-RR
Microcystin-YR
Microcystin-LR
Microcystin-LA
Molinate
m,p-Xylene
Nodularin
Oryzalin
Oxadiazon
Oxamyl (200)
Oxolinic acid
o-Xylene
Pebulate
Permathrin Isomers
Picloram
Propanil
Propachlor
Propargite
Propazine
Propionitrile
Propoxur
Silvex (50)
Simazine (4)
Stirofos
TAME
Terbacil
Terbuthiuron
Tetrahydrofuran
Triademefon
Tricyclazole
Trifluralin
Vinyl acetate
1,4-Dioxane
2,4-Dinitrotoluene
2,6-Dinitrotoluene
Anthracene
Baygon
Bensulide
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
Butyl paraben
Chloroprene
Chrysene
Cyclohexanone
Dibenzo(a,h)anthracene
Diethyl phthalate
Dimethyl phthalate
Di-n-butyl phthalate
Di-n-octyl phthalate
Ethyl acrylate
Ethyl paraben
Fluoranthene
Fluorene
Indeno(1,2,3-cd)pyrene
Iopromide
Isophorone
Meprobamate

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

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2012 (Continued)

Methyl paraben
Monuron
n-nitrosospiperidine
Neburon
Nonylphenol isomer mix
Pentechloroethane
Pentachlorophenol (1)
Phenanthrene
Pyrene
trans-1,3-Dichloropropene
trans-1,4-Dichloro-2-butene
1,7-Dimethylxanthine
17alpha-Ethynyl estradiol
4-tert-Octylphenol
Acetaminophen
Albuterol
Amoxicillin
Andorostenedione
Atenolol
Azithromycin
Azoxystrobin
Bendroflumethiazide
Bezafibrate
Bisphenol A
Butylbital
Caffeine
Carbadox
Carbamazepine
Carisoprodol
Chloramphenicol
Chloridazon
Chlorotoluron
Cimetidine
Ciprofloxacin
cis-Testosterone
Clofibric acid
Clomazone
Cotinine
DACT
DEA
DEET
Dehydronifedipine
DIA
Diazepam
Diclofenac
Diethylstilbestrol (DES)
Diflubenzuron
Dilantin
Diuron
Epichlorohydrin
Erythromycin
Estradiol
Estrone
Fluoxetine (Prozac)
Galaxolide
Gemfibrozil
Halofenozide
Halosulfuron methyl
Ibuprofen
Imidacloprid
Iohexal
Isobutyl paraben
Isoproturon
Ketoprofen
Ketorolac
Levothyroxine (Synthroid)
Lidocaine
Lincomycin
Linuron
Lopressor
Meclofenamic acid
Metribuzin
Naproxen
Narasin
Nifedipine
Norethisterone
Norfloxacin
Oleandomycin
Paclobutrazol
Paraxanthine
Penicillin G&V
Pentoxifyline
Phenazone
Primidone
Progesterone
Propyl paraben
Quinoline
Salicylic acid
Salinomycin
Siduron, Total
Simvastin
Sulfachloropyridazine
Sulfadiazine
Sulfadimethoxine
Sulfamerazine
Sulfamethazine
Sulfamethizole
Sulfamethoxazole
Sulfasalazine
Sulfathiazole
TCEP
TCPP
TDCPP
tert-Amyl Methyl ether
Testosterone
Tetrabromobisphenol A
Tetracycline
Theobromine
Theophylline
Thidiazuron
trans-Testosterone
Triadimenol
Triclosan
Trimethoprim
Tylosin
Virginiamycin M1
Warfarin

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 2012



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 - 2012

Samples Collected:	
Watershed	1,243
Treatment plant	1,566
Distribution system	9,728
Other	1,157
	13,694

Analyses Performed:	
Microbiological	9,338
Chemical	40,080
	49,418

Transmission and Distribution

2012 Facts

Miles of pipe installed, net of reductions	9.0
Miles of pipe in system	3,050.1
Miles of recycled water mains in system	49.0
Number of valves operated and maintained	78,889
Number of recycled water valves in system	979
Number of hydrants operated and maintained	19,670
Leak Detection Program:	
Miles of pipe surveyed	1,022
Visible leaks pinpointed	137
Non-visible leaks detected	93

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TRANSMISSION AND DISTRIBUTION MAINS[1] - 2012

SUMMARY OF PIPE BY MATERIAL

	Length in Feet			Length in Miles
Kind of Pipe	12-31-11	Net Change	12-31-12	12-31-12
Cast iron	6,150,871	(75,528)	6,075,343	1,150.6
Cement Asbestos	1,663,363	(924)	1,662,439	314.9
Cement Mortar coated steel	-	165	165	0.0
Concrete[4]	361,302	(207,419)	153,883	29.1
Copper	1,380	108	1,488	0.3
Ductile iron	3,150,651	3,298	3,153,949	597.3
Embedded Cyl Prestressed	34,017	45,220	79,237	15.0
Galvanized	4,484	(2)	4,482	0.8
Lined Cyl Prestressed	173,080	55,680	228,760	43.3
Non-Cyl Prestressed	7,605	(52)	7,553	1.4
Pretensioned Concrete	100,394	(40,342)	60,052	11.4
Polyvinyl chloride	2,746,522	126,317	2,872,839	544.1
Reinforced Concrete Cyl	103,911	121,455	225,366	42.7
Reinforced Concrete Non-Cyl	20,650	20,100	40,750	7.7
Steel[3]	1,504,581	6,022	1,510,603	286.1
Steel -tape coated	-	-	-	-
Steel - enamel coated	-	-	-	-
Unknown[2]	34,118	(6,584)	27,534	5.2
	16,056,929	47,514	16,104,443	3,050.1

SUMMARY OF PIPE BY DIAMETER

	Length in Feet			Length in Miles
Diameter of Pipe in Inches	12-31-11	Net Change	12-31-12	12-31-12
0.75	48	5	53	0.0
1	396	5	401	0.1
1.5	352	32	384	0.1
2	2,379	30	2,409	0.5
3	5,301	204	5,505	1.0
4	116,844	604	117,448	22.2
6	4,773,915	(14,628)	4,759,287	901.4
8	4,537,587	44,011	4,581,598	867.7
10	127,306	(435)	126,871	24.0
12	3,274,203	15,484	3,289,687	623.0
14	44,125	(111)	44,014	8.3
15	4,508	(6)	4,502	0.9
16	543,331	2,104	545,435	103.3
18	56,017	(24)	55,993	10.6
20	131,322	253	131,575	24.9
24	469,545	1,891	471,436	89.3
27	1,362	(15)	1,347	0.3
30	419,641	(689)	418,952	79.3
33	196	(196)	-	-
36	499,374	722	500,096	94.7
40	54	5	59	0.0
42	198,733	(328)	198,405	37.6
45	79	(3)	76	0.0
46	22,104	4	22,108	4.2
48	122,658	(75)	122,583	23.2
51	6,416	(55)	6,361	1.2
54	177,705	(1,627)	176,078	33.3
57	13,030	(51)	12,979	2.5
60	184,047	1,686	185,733	35.2
63	17,675	(88)	17,587	3.3
66	81,314	(2,601)	78,713	14.9
67	1,007	-	1,007	0.2
72	111,253	1,425	112,678	21.3
84	18,151	(19)	18,132	3.4
88	77	-	77	0.0
90	32,851	-	32,851	6.2
96	69	-	69	0.0
108	57,904	-	57,904	11.0
120	3,039	-	3,039	0.6
150	1,011	-	1,011	0.2
	16,056,929	47,514	16,104,443	3,050.1

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

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

[3]Steel pipe is no longer separated out by pipe coating. That information is tracked separately.

VALVES[1] - 2012

SUMMARY OF VALVES BY TYPE

Type of Valve	12-31-11	Net Change	12-31-12
Air vacuum valve	1,598	853	2,451
Ball valve	44	(5)	39
Blowoff valve	3,183	26	3,209
Butterfly valve	1,611	55	1,666
Check valve	72	3	75
Cone valve	134	-	134
Gate valve	49,580	(688)	48,892
Hub valve	12	2	14
MacDougall blowoff valve	132	18	150
Pito (Corp stop)	620	-	620
Pressure regulating valve	287	7	294
Unknown	-	-	-
Vacuum valve	16	-	16
Gate valve - Resilient Seat	19,076	1,701	20,777
Altitude valve	1	-	1
Corp Stop	310	201	511
Surge valve	23	(6)	17
Slide gate valve	13	-	13
Plug valve	3	-	3
Sleeve valve	3	1	4
Knife valve	3	-	3
	76,721	2,168	78,889

SUMMARY OF VALVES BY DIAMETER

Diameter of Valve in Inches	12-31-11	Net Change	12-31-12
0.75	-	60	60
1	994	235	1,229
2	2,873	315	3,188
2.5	-	-	-
3	105	59	164
4	1,258	315	1,573
6	36,871	453	37,324
8	18,102	414	18,516
10	589	4	593
12	13,541	280	13,821
14	100	1	101
15	2	-	2
16	464	16	480
18	133	-	133
20	253	4	257
24	681	9	690
27	1	-	1
30	255	1	256
36	226	1	227
42	84	-	84
48	78	(3)	75
54	41	-	41
60	40	4	44
66	2	-	2
72	19	-	19
84	6	-	6
108	3	-	3
	76,721	2,168	78,889

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

FIRE HYDRANTS[1] - 2012

FIRE HYDRANTS

Size in Inches	Total Hydrants 12-31-11	Net Change	12-31-12
4	56	(13)	43
6	19,497	130	19,627
	19,553	117	19,670

FIRE HYDRANT BRANCH PIPE

Size in Inches	Kind of Pipe	Length in Feet 12-31-11	Net Change	12-31-12
4	Cast iron	1,119	(274)	845
4	Ductile iron	101	-	101
6	Cast iron	98,692	(5,275)	93,417
6	Cement asbestos	3,168	(52)	3,116
6	Ductile iron	241,928	9,271	251,199
6	Polyvinylchloride	929	-	929
6	Steel	18,664	(599)	18,065
6	Unknown	14,732	(797)	13,935
		379,333	2,274	381,607

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY MATERIAL

Kind of Pipe	Length in Feet 12-31-11	Net Change	12-31-12
Cast iron	99,811	(5,549)	94,262
Cement asbestos	3,168	(52)	3,116
Ductile iron	242,029	9,271	251,300
Polyvinylchloride	929	-	929
Steel	18,664	(599)	18,065
Unknown	14,732	(797)	13,935
	379,333	2,274	381,607

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY DIAMETER

Size in Inches	Length in Feet 12-31-11	Net Change	12-31-12
4	1,220	(274)	946
6	378,113	2,548	380,661
	379,333	2,274	381,607

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

RECYCLED WATER MAINS AND VALVES - 2012

RECYCLED WATER MAINS

SUMMARY OF PIPE BY MATERIAL

Kind of Pipe	Length in Feet 12-31-11	Net Change	12-31-12
Ductile Iron	4,312.0	3,754.0	8,066.0
PVC	127,896.0	189.0	128,085.0
Steel	105,233.0	17,305.0	122,538.0
	237,441.0	21,248.0	258,689.0

SUMMARY OF PIPE BY DIAMETER

Size	Kind of Pipe	Length in Feet 12-31-11	Net Change	12-31-12
3"	PVC	484.6	0.4	485.0
4"	Ductile Iron	153.0	1.0	154.0
4"	PVC	4,054.0	(9.0)	4,045.0
4"	Steel	23.0	-	23.0
6"	Ductile Iron	434.0	3,431.0	3,865.0
6"	PVC	8,678.0	8.0	8,686.0
6"	Steel	473.0	(4.0)	469.0
8"	Ductile Iron	2,000.0	124.0	2,124.0
8"	PVC	23,752.0	(3.0)	23,749.0
8"	Steel	221.0	-	221.0
10"	Ductile Iron	54.0	(3.0)	51.0
10"	PVC	357.0	-	357.0
10"	Steel	81.0	-	81.0
12"	Ductile Iron	100.9	200.1	301.0
12"	PVC	27,960.0	4.0	27,964.0
12"	Steel	9,969.0	(35.0)	9,934.0
14"	Steel	8.0	-	8.0
16"	Ductile Iron	45.4	(0.4)	45.0
16"	PVC	21,572.0	(31.0)	21,541.0
16"	Steel	99.0	-	99.0
18"	PVC	48.0	-	48.0
18"	Steel	28.0	-	28.0
20"	PVC	27,267.6	0.4	27,268.0
20"	Steel	237.6	0.4	238.0
24"	PVC	12,770.0	220.0	12,990.0
24"	Steel	5,335.0	27.0	5,362.0
30"	Ductile Iron	1,524.9	0.1	1,525.0
30"	PVC	68.0	-	68.0
30"	Steel	6,316.0	15,897.0	22,213.0
36"	PVC	419.0	-	419.0
36"	Steel	16,996.0	1,420.0	18,416.0
42"	PVC	302.0	-	302.0
42"	Steel	36,269.0	-	36,269.0
48"	PVC	164.0	-	164.0
48"	Steel	7,813.0	-	7,813.0
54"	Steel	21,286.0	-	21,286.0
84"	Steel	78.0	-	78.0
		237,441.0	21,248.0	258,689.0

RECYCLED WATER VALVES

SUMMARY OF VALVES BY TYPE

Type of Valve	12-31-11	Net Change	12-31-12
Air vacuum valves	115	37	152
Blowoff valve	107	32	139
Butterfly valve	150	10	160
Check Valve	29	-	29
Corp Stop	74	-	74
Gate valve	369	34	403
Pitot	15	1	16
Plug Valve	2	-	2
PRV	3	-	3
Sleeve Valve	1	-	1
	865	114	979

SUMMARY OF VALVES BY DIAMETER

Diameter of Valve	12-31-11	Net Change	12-31-12
1"	89	1	90
2"	93	39	132
2.5"	1	-	1
4"	99	1	100
6"	216	59	275
8"	93	3	96
10"	15	-	15
12"	121	1	122
16"	26	-	26
20"	32	-	32
24"	28	2	30
30"	10	6	16
36"	13	2	15
42"	13	-	13
48"	7	-	7
54"	9	-	9
	865	114	979

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 2012

DENVER MAIN BREAKS

Size	Pipe Material	Number of Breaks
2"	Cast Iron	1
4"	Cast Iron	2
4"	Steel	1
6"	Cast Iron	113
6"	Ductile Iron	8
6"	Cement Asbestos	5
6"	PVC	2
8"	Cast Iron	48
8"	Cement Asbestos	6
8"	Ductile Iron	5
8"	PVC	1
10"	Cast Iron	1
12"	Cement Asbestos	1
12"	Cast Iron	30
12"	Ductile Iron	6
12"	PVC	1
16"	Cement	1
		232

TOTAL SERVICE MAIN BREAKS

Size	Pipe Material	Number of Breaks
4"	Cement Asbestos	1
6"	Cement Asbestos	3
6"	Ductile Iron	6
6"	Cast Iron	36
8"	Cast Iron	10
8"	Cement Asbestos	1
8"	Ductile Iron	1
8"	PVC	2
12"	Cement Asbestos	1
12"	Cast Iron	5
12"	Ductile Iron	1
16"	Ductile Iron	1
16"	Cast Iron	1
		69

WATER CONTROL SERVICES

	2012	2011	2010	2009	2008
Service Calls	11,892	10,994	12,654	8,931	5,965
Service Leaks	402	385	287	329	318
Service Turn Ons	844	661	449	424	545
Service Turn Offs	935	1,094	799	649	264
Valve Leaks	58	64	39	27	87
Fire Hydrants Hit	146	148	107	116	151
Fire Hydrants Packed and Greased	23,360	25,574	20,145	17,408	24,741
Fire Hydrants Excavated for Replacement	435	301	358	621	300
Fire Hydrants, Miscellaneous Repairs	1,171	737	493	327	385
Total Fire Hydrants Tested and Repaired	25,112	26,760	21,103	18,472	25,577

LEAK DETECTION PROGRAM

	2012	2011	2010	2009	2008
Non-Visible Leaks Detected	93	122	100	145	107
Non-Visible Water Leaks Loss (1000's of Gallons)[1]	24,440	32,061	28,280	38,106	28,119
Visible Leaks Pinpointed	137	199	43	89	60
Miles Surveyed	1,022	802	801	606	226
Savings Generated from saving lost water[1]	$ 46,681	$ 61,237	$ 59,670	$ 72,800	$ 51,739
Savings Generated from pinpointing Leaks[1]	95,900	139,300	30,100	62,300	42,000
Total Savings Generated from Leak Detection Program[1]	$ 142,581	$ 200,537	$ 89,770	$ 135,100	$ 93,739

[1]Estimated.

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